FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-89-123
Wednesday
28 June 1989

Daily Report
Latin America

FBIS-LAT-89-123 CONTENTS *28 June 1989*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-AMERICAN AFFAIRS

Attorneys General Criticize U.S. Drug Efforts *[THE NEWS 21 Jun]* 1

CARIBBEAN

Cuba

Reportage on Honor Tribunal Ochoa Hearing 2
  Commentary Supports Decision *[Havana Radio]* 2
  Letters of Support Sent *[Havana Radio]* 2
  Almeida, Risquet Comment *[Havana TV]* 2
Castro Sends Letter to Angola's Dos Santos *[Havana Radio]* 3
DPRK Envoy Terms TV Marti 'Violation' *[Havana Radio]* 3
  Denounces U.S. Presence in ROK *[Havana Radio]* 3
Malmierca Meets With Romanian Official *[Havana Radio]* 4
Group Leaves for Youth Festival in Pyongyang *[Havana TV]* 4
Indian Foreign Minister Ends 2-Day Visit *[Havana TV]* 4
Matanzas Oil Well Fire 'Totally Under Control' *[Havana TV]* 4
  Controlling Fire 'Impossible' *[Havana TV]* 4
Ship Reportedly on Fire at Havana Port *[Havana TV]* 5

Haiti

Radio Soleil Personnel Suspend Broadcasts *[Port-au-Prince Radio]* 5

MEXICO

* Antilabor Aims Seen in Government Actions 6
  * Union Leaders Criticized *[PROCESO 1 May]* 6
  * Critical Sketch of Farell *[PROCESO 1 May]* 9
  * Jonguitud Resignation *[PROCESO 1 May]* 12
  * SNTE Leader Gordillo *[PROCESO 1 May]* 15
* Government Interference in Newspaper Charged *[PROCESO 1 May]* 17
* 'Peasant Torch' Orientation Seen as Unclear *[LA VOZ DEL SURESTE 26 Apr]* 18

CENTRAL AMERICA

Costa Rica

Arias Proposes Regional Heads of State Meeting *[San Jose Radio]* 19

El Salvador

Colonel Ponce Says Thieves Attacked Nuns *[EL DIARIO LATINO 27 Jun]* 19
Cristiani Blames Rodriguez Assassination on FMLN *[EL DIARIO DE HOY 26 Jun]* 19
D'Aubuisson on ARENA Unity, Party Appointments *[San Salvador TV]* 20

Guatemala

President Reveals Two Assassination 'Attempts' *[ACAN]* 20
* Peten Department Suffers Deforestation *[PRENSA LIBRE 13 May]* 21

Honduras

* U.S. Target of May Day Oratory, Rally *[LA TRIBUNA 2 May]* 21
* Reportage on Economist Rosenthal's Views 22
    * Industrial Summit Address *[EL HERALDO 25 Apr]* 22
    * Capital Levy Recommended *[EL HERALDO 25 Apr]* 23
* Cohdefor Reviews Deforestation Problem *[TIEMPO 8 May]* 23
* Reportage on Land Seizure Problem 24
    * ANACH Blames INA *[TIEMPO 3 May]* 24
    * INA Promises Reprisals *[TIEMPO 3 May]* 25
    * Seizures Condemned *[TIEMPO 3 May]* 25
    * FENAGH Cites Negative Effects *[TIEMPO 28 Apr]* 26

Nicaragua

Reportage on Desertions of Sandinist Officers 26
  Government Investigates Desertions *[ACAN]* 26
  EPS Lieutenant Deserts *[Managua Radio]* 27
  Alleged Spy Defects to Honduras *[ACAN]* 27
  Defector on Assassination Plan *[ACAN]* 27
EPS Claims Responsibility for Death of Contras *[ACAN]* 28
Defense Ministry Reports Contra Attacks *[Managua Radio]* 28
Wheelock Warns COSEP Against Plotting *[EL NUEVO DIARIO 25 Jun]* 28
National Opposition Unity Announces Formation *[Managua Radio]* 29

Panama

Solis Palma Discusses Political Situation *[Panama City TV]* 29
  Comments to Education Ministry *[Panama City TV]* 31

SOUTH AMERICA

Argentina

Envoy-Designate Comments on Ties With U.S. *[TELAM]* 32
New UN Envoy Vazquez Announces Menem Speeches *[TELAM]* 32
Foreign Minister-Designate Interviewed *[CLARIN 25 Jun]* 32
State of Siege Expires at 0000 28 June *[Buenos Aires Radio]* 34
Oil Well Begins Operations in Western Formosa *[TELAM]* 34

Bolivia

Government, Campesinos Reach Agreement on Coca *[Madrid EFE]* 34

Brazil

GATT To Rule on U.S. Claims of Unfair Trade *[O ESTADO DE SAO PAULO 25 Jun]* 35
MITI To Collect Debt From Brazil Under Plan *[Tokyo KYODO]* 36
IMF Delegation Departs; No Agreement Reached *[FOLHA DE SAO PAULO 24 Jun]* 36
Government Praises Angolan Peace Efforts *[Brasilia Radio]* 36
FRG-Built Submarine 'Tupi' Arrives in Rio *[Brasilia Radio]* 37
* Presidential Poll Leader Collor Interviewed *[O ESTADO DE SAO PAULO 28 May]* 37
PDT Elects Lyra To Be Brizola's Running Mate *[O GLOBO 26 Jun]* 40
* Capital Flight May Reach $12 Billion *[VEJA 31 May]* 40
Atomic Residues Removal To Final Site Planned *[Brasilia Radio]* 47

Chile

Strong Effort Made To Expand Foreign Ties 47
  Mission Seeks Trade Relations *[EL MERCURIO 20 Jun]* 47
  Diplomatic Officials Named *[Madrid EFE]* 48
  Finland To Establish Embassy *[EL MERCURIO 21 Jun]* 48

First Quarter Trade With PRC Shows Surplus *[EL MERCURIO 19 Jun]* 48
Extension of Short-Term Loans Requested *[Santiago Radio]* 49
Central Bank Reports Current Foreign Reserves *[LA TERCERA DE LA HORA 23 Jun]* 49
* Two Factions Seen Emerging in Government 49
    * Effect on Election Viewed *[CAUCE 24 Apr]* 49
    * Fallout From Cabinet Shakeup *[CAUCE 1 May]* 50
* PCCh Views on FPMR, Rebellion Analyzed *[CAUCE 29 May]* 52
* PCCh Electoral Participation Debated *[HOY 15 May]* 55

Colombia

Court Says M-19 Leader Must Be Arrested, Tried *[AFP]* 58
* Barco Seeks Privatization Study *[EL ESPECTADOR 24 May]* 59
* Impact of Inflation on Earnings Studied *[EL TIEMPO 22 May]* 59
* Coffee Harvest Smaller Than Expected *[EL TIEMPO 22 May]* 60
Nevado del Ruiz Volcano Suddenly Active Again *[AFP]* 61

Ecuador

Cordovez: OAS Mission Should Return To Panama *[AFP]* 62

Paraguay

Interior Ministry Justifies Repression *[HOY 27 Jun]* 62
    Episcopal Conference Comments *[HOY 27 Jun]* 63
Communist Party Issues Communique on Government *[ULTIMA HORA 26 Jun]* 63

Peru

President Garcia Announces Olmos Dam Project *[LA REPUBLICA 25 Jun]* 64
MRTA Kidnaps Official, Attacks Police Station *[Lima TV]* 64
Shining Path Leader Manzoni Killed Near Huacho *[Lima TV]* 65
Security Forces Clash With Terrorists *[Madrid EFE]* 65
Army Unit Kills 42 Shining Path Rebels *[Madrid EFE]* 65
Shining Path Attacks Police Station in Ica *[Madrid EFE]* 66
Unidentified Individuals Kill Doctor in Lima *[Lima TV]* 66

Uruguay

PLO's 'Abbas Zaki Talks to Industry Official *[Sanaa Radio]* 66

Venezuela

* Delpino's Retirement Opens Succession Struggle *[EL NACIONAL 15 May]* 67
* Membership in Nonaligned Movement Endorsed *[EL NACIONAL 19 May]* 68

Attorneys General Criticize U.S. Drug Efforts

PA2606184189 Mexico City THE NEWS in English 21 Jun 89 p 1

[Article by Humberto Montoya]

[Text] La Jolla, Calif—Latin American attorneys general Tuesday chastised the United States Government for demanding too much from other nations, while doing too little on its own in the battle against drug trafficking.

Colombian Attorney General Guillermo Plazas questioned the efforts being carried out by U.S. Drug Enforcement Administration officials in their struggle against narcotics.

"But what is the United States doing to reduce drug abuse at home, or is it true that it really uses other countries as an escapist ruse to blame them for its problems?" the Colombian official asked during the Hemispheric Cooperation Conference for the Prevention of Addiction and Traffic of Drugs.

Attorneys general from the United States, Mexico, Canada, Peru, Colombia and Bolivia attended the meeting. Mexico's Attorney General Enrique Alvarez del Castillo stated that Mexico is going full steam ahead in the struggle against narcotics use and trafficking. A spokesman for Alvarez, Jose Ramirez Franco, explained that President Carlos Salinas de Gortari has issued specific orders to reform Mexico's penal code to stiffen penalties for drug-related crimes. The Mexican representatives did not censure the United States the way the Colombian attorney general did.

Also placing the blame on the United States for being the world's largest drug consumer nation was the San Diego based Institute of the Americas, which congratulated Latin American nations for what they are doing against the drug problem.

"The U.S. needs to take stronger measures if it is going to control its own drug problem," an official statement by the Institute read.

The Colombian attorney general said:

"The United States is the most powerful nation in the world but if it continues to be victimized by drugs, how long will this power last?"

He added that the United States is extremely demanding of the antidrug efforts carried out by other nations.

Cuba

Reportage on Honor Tribunal Ochoa Hearing

Commentary Supports Decision

FL2706191289 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jun 89

[Station commentary]

[Text] The Cuban Revolution never speaks in vain because its word is sacred. If it was said we would wash away the offense in an exemplary manner, regarding the events that have disturbed the country, it is because revolutionary Cubans feel today in our deepest fibers that we will continue forever carrying out one of the cleanest political processes in the history of human society.

The people have seen the Military Honor Tribunal of the Revolutionary Armed Forces in action. This is an unprecedented case anywhere. The people have identified with the Honor Tribunal. If the Honor Tribunal has formally represented the honor of Cuban military, it, in fact, has also represented the honor of the entire revolutionary people of Cuba.

The recommendations made by this Military Honor Tribunal are no different than the ones a people's honor tribunal would have made. Once more, it has been shown to a great degree the inexhaustible sap the Revolution generated and Camilo [Cienfuegos] immortalized in a simple phrase: The Army is the people in uniform.

It is been said that the Revolution will come out of this process stronger and there is nothing more true. We feel it and we see it. Only a revolution of solid principles and high moral greatness such as ours is capable of erasing such a stain. It has not been easy. The Revolution has had to disregard very high political considerations to achieve it but it was important, above all, to deal with the problem with clarity and courage because our prestige is the fundamental weapon we count on to defend ourselves.

Letters of Support Sent

FL2706213789 Havana Radio Reloj Network in Spanish 1949 GMT 27 Jun 89

[Text] Our station continues to receive hundreds of letters repudiating the disloyal activities carried out by Ochoa [Division General Arnaldo Ochoa Sanchez], De La Guardia [General Antonio de la Guardia], and the collaborators who, betraying the fatherland, dedicated themselves to the dirty business of drug trafficking.

Along with the repudiation of the traitors, the people state their willingness to always march next to the Communist Party of Cuba, Fidel, and the Revolution. From the town of Baez in Villa Clara, the mail workers and hair dresser shop workers have made known their positions. The provincial enterprise workers of Havana, the Las Tunas public prosecutor's office, and the statistics workers from Camaguey's Guaimaro Municipality have also sent us their letters of support.

Meanwhile, the workers of the Camilo Cienfuegos workshop, CDR members from Camarioca, agricultural workers from Matanzas, workers of the Las Tunas School Bus Enterprise, and workers of the new shoe factory in Placetas also demand exemplary punishment for the guilty.

Almeida, Risquet Comment

FL2806121489 Havana Tele-Rebelde Network in Spanish 1100 GMT 28 Jun 89

[Excerpts] The last group that composes the Cuban delegation to the 13th Youth and Students Festival in Korea left from the Jose Marti Airport last night. Jose Ramon Machado Ventura and Jorge Risquet, members of the Communist Party of Cuba Politburo, chatted with the young delegates at the airport terminal. [passage omitted] The special guests to the festival are included in this last group. They are Melba Hernandez, Arnaldo Tamayo, Dr Hilda Molina, Division General Ramon Pardo Guerra, and Commander of the Revolution Juan Almeida Bosque.

[Begin recording] [Almeida] Along with the excitement, I feel as though I am being uprooted from here because I would like to have participated until the end of everything we are experiencing and taken part in the exemplary measures that need to be taken with the comrades. Just yesterday they were heroes who fought for this fatherland and we loved them as brothers. Nevertheless, the acts in which they have been involved are so disgraceful that they do not deserve the forgiveness of the people or of the fatherland because they have stained it and have tarnished it. This is what I can tell you.

[Reporter] Commander, news dispatches talk about a skepticism of the Cuban people regarding this. However, our newsroom receives every day telegrams and all that.

[Almeida] Well, we need to ask the young people. We have seen them in television interviews every day expressing themselves, asking for exemplary punishment. Apparently the cable dispatches do not reflect the situation here or they do not want to see it.

[Risquet] Western news reports do not waste any opportunity to distort the truth and slander us because they represent the views of imperialism. But our people know the truth and the truth is that there is complete and unanimous support of the entire people to the leadership of the party and Fidel's leadership. They demand exemplary measures so that this stain brought on the fatherland is permanently washed away. The news reports lie and they lie knowingly but the truth is opening its way and the truth will always prevail. [end recording] [passage omitted]

Castro Sends Letter to Angola's Dos Santos

FL2706145789 Havana Radio Progreso Network in Spanish 1100 GMT 27 Jun 89

["Full text" of letter sent by President Fidel Castro to Angolan President Jose Eduardo dos Santos]

[Text] Comrade Jose Eduardo dos Santos, president of the MPLA [Popular Movement for the Liberation of Angola]-Party of Labor and of the People's Republic of Angola:

Dear Comrade Jose Eduardo,

In the last 2 years, the concerted actions of Cuba and Angola in the military and diplomatic fields were aimed at reaching a very precise goal, independence for Namibia, safety for Angola, and peace in southwest Africa. The cease-fire that was in effect yesterday, 24 June, in the Angolan territory and the parade in Namibia of the withdrawal of South African troops, and the return of refugees to their fatherland, are decisive steps in the process in which we have been involved in and counts with the unanimous support of the African countries and the international public opinion.

Although we know that we will encounter difficulties, incidents, and problems in the next few months, we trust that our decisive will to fulfill the agreements signed and our vigilant and firm attitude will be able to overcome the obstacles that may arise and reach the noble goal we have set.

With the Angolan Government's cease-fire agreement, the possibilities are opened to reinitiate with renovated energy the great task of the national reconstruction of your country destroyed by a devastating conflict of over a quarter of a century. The pages of heroism, dedication, and sacrifices written with their blood and pain by the Angolan people and their victorious FAPLA [People's Armed Forces for the Liberation of Angola] will have an important place in the history of the struggle of the African people for their liberation.

Peace in Angola not only puts and end to the martyrology of its people but it also benefits immediately other brother countries in the region, inasmuch as the reconstruction and operation of the Benguela railroad will allow Zayre, Zambia, and Zimbabwe use the cheapest and fastest way for its exports and imports.

More importantly, the people of the continent's southern cone, the African countries, will now be able to concentrate on the great historic task, which is the sacred duty of all, the battle for the abolition of the apartheid regime and the establishment of a democratic, united, and nonracist South Africa. All Africans will be able to unite in this goal beyond their past or present actions or beliefs.

Cuba was, is, and always will be together with its brother African people. It will always preach the necessary unity of its efforts and will take up as its own the liberation of South Africans, all of them—black, mestizo, Indian, and white—from the yoke of the anachronic apartheid regime.

Your efforts, Comrade Jose Eduardo, in the search for an African solution to the Angolan conflict are meritorious and recognized by the international community. We do not doubt that you and the Angola leadership will be able to overcome the obstacles that come up along the way, avoid all foreign intervention in this genuinely African process, and achieve that awaited and noble peace for Angola, safeguard of its national independence, its territorial safety, and its right to elect sovereignly the path of its development in benefit of its courageous people.

Allow me, Comrade Jose Eduardo, to express to you the recognition for your hard work and your sagacity as a statesman and I ask you to pass it on to the numerous African chiefs of state who have helped to find the achieved solutions. Receive our respectful greetings.

Fraternally,

Fidel Castro Ruz

DPRK Envoy Terms TV Marti 'Violation'

FL2706202289 Havana Radio Reloj Network in Spanish 1932 GMT 27 Jun 89

[Text] In Havana, DPRK Ambassador to Cuba Pak Chung-kuk has said that the U.S. project to broadcast television programs against Cuba is a violation of international agreements on broadcasts.

The diplomat from that brother nation said he would support whatever measures are adopted to counteract the negative influence of those programs. The ambassador also condemned these actions as intervention in Cuban internal affairs. Also, Pak Chung-kuk praised our nation's solidarity, especially lately by sending such a numerous delegation to the 13th International Festival of Youths and Students. This festival will be inaugurated 1 July in Pyongyang.

On this, the ambassador from the DPRK noted the participation of over 15,000 guests and delegates from some 160 countries. He also noted his government's interest to have students from the ROK participate in the festival.

Denounces U.S. Presence in ROK

FL2706205789 Havana Radio Reloj Network in Spanish 1951 GMT 27 Jun 89

[Text] The DPRK ambassador in our country, Pak Chung-kuk, denounced increasing Yankee presence in the ROK. He said that this increased presence is impeding the peaceful reunification of the Korean nation.

On the occasion of Anti-Yankee Struggle Month, which is from 25 June to 27 July, the diplomat said that in recent years, the United States has placed neutron bombs in the ROK. He added that the United States is massively building underground depots for nuclear weapons.

While referring to the international youth meeting in Pyongyang, Ambassador Pak Chung-kuk said that the youths present at the event represent the ideals of anti-imperialism, peace, and friendship. He thanked the Cuban Communist Party, state, and the Cuban people for their solidarity and for being in favor of the reunification of Korea.

Malmierca Meets With Romanian Official

FL2706153689 Havana Radio Progreso Network in Spanish 1100 GMT 27 Jun 89

[Text] Cuban Foreign Minister Isidoro Malmierca has received Romanian Deputy Foreign Minister Olimpia Solomonescu in Havana. They discussed the international situation and cooperation of the two foreign ministries in the promotion of peace and development, among other subjects.

Group Leaves for Youth Festival in Pyongyang

FL2706161289 Havana Tele-Rebelde Network in Spanish 1700 GMT 26 Jun 89

[Text] The Cuban delegates to the world youth festival have already begun to travel to Pyongyang. The youth festival will begin on 1 July in the DPRK capital.

The first 149 Cuban delegates to the 13th World Youth and Students Festival left for Pyongyang. Jose Ramon Machado Ventura, member of the Communist Party of Cuba [PCC] Politburo, and Roberto Robaina, member of the PCC Central Committee and first secretary of the Union of Young Communists [UJC], as well as members of the DPRK Embassy in Cuba saw the delegates off at the foot of the plane's stairs.

Comrade (Juan Kontinov), member of the UJC National Bureau is heading this group. The group is composed of the delegates from Pinar del Rio and Havana City, as well as the artistic delegation that will participate in the festival.

This first group of Cuban delegates will arrive in Pyongyang on 27 June after making a stopover of almost 24 hours in Moscow where they will participate in a program of activities.

Indian Foreign Minister Ends 2-Day Visit

FL2706162889 Havana Tele-Rebelde Network in Spanish 1700 GMT 26 Jun 89

[Text] Indian Foreign Minister Narasimha Rao has returned to his country after paying a 2-day official and friendly visit in Cuba. Cuban Foreign Minister Isidoro Malmierca went to see him off at Havana's Jose Marti International Airport.

During his stay in our country, Narasimha Rao met with Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, and held official talks with Foreign Minister Isidoro Malmierca. International current events were discussed during those meetings, especially those related to the Nonaligned Movement. The agreement of views between the two states and the growing development of bilateral socioeconomic ties were confirmed.

At the end of the talks, the foreign ministers announced the decision reached by the two countries to establish a joint intergovernmental commission.

Matanzas Oil Well Fire 'Totally Under Control'

FL2706182089 Havana Tele-Rebelde Network in Spanish 1700 GMT 27 Jun 89

[Text] The fire that broke out yesterday [26 June] before dawn at the B-24 well of the Centro oil drilling and extraction enterprise in Matanzas is totally under control.

Specialists ruled out any possibility of an explosion in the area. However, a medical team with assistants and ambulances remains there because of the risk of the operations. According to witnesses, the fire began when an uncontrollable liquid gas surging and an engine malfunction coincided. This could have created a spark.

The accident caused heavy material damages. The drilling equipment valued in 1.2 million pesos is among them. Two people had minor injuries. The operation was very complex because the gas surging continued to flow through the well opening on fire and over it and this prevented any action from being taken. Tons of iron elements of the oil tower and other equipment were turned into charred scrap metal.

Controlling Fire 'Impossible'

FL2806140389 Havana Tele-Rebelde Network in Spanish 1100 GMT 28 Jun 89

[Text] Work continues in the dismantling of metal structures at the oil well's drilling platform in Varadero. The last metal elements will be taken away when an 80-ton crane arrives from the Port of Matanzas. The metal elements are blocking the access to the well's opening. The damages caused by the fire amount to over a million pesos. The fire, which burned for over 36 hours, did not claim any victims. The only ones injured were laborers Agustin Curbelo and Pedro Martin Gonzalez who received minor injuries.

They attempted to control the fire but it was impossible because of the violent way in which the gas was surging. The situation is under control and there is no concern over the safety of tourist installations or other buildings near the Varadero beach. Combatants from the Interior Ministry's Firefighting and Prevention Directorate will work together with other workers mobilized by the municipal defense council to seal the well.

Ship Reportedly on Fire at Havana Port

FL2806131489 Havana Tele-Rebelde Network in Spanish 1100 GMT 28 Jun 89

[Text] Forces of the Interior Ministry's Firefighting and Prevention Directorate are at this time fighting a fire the began before dawn this morning in the engine room of the "23 de Agosto" tanker docked at the Port of Havana. The ship belongs to the National Enterprise for Coastal Shipping and is used to transport fuel.

Only one person was injured, Comrade Humberto Alayo Blanco who is at the Hermanos Ameijeiras Hospital in critical condition. Due to the fire, vehicle and pedestrian traffic has been blocked along the entire Puerto Avenue from the Pena Pobre Street up to Egido, the Havana tunnel, as well as Malecon Avenue from Prado until Mariena Street.

Haiti

Radio Soleil Personnel Suspend Broadcasts

FL2706203989 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 27 Jun 89

[Text] Open letter to the administration of Radio Soleil:

Radio Soleil, which exists thanks to the efforts of many people in Haiti, people in other countries, and international organizations, has been on the air for 11 years and 3 months. Two priests, Raymond Conard and Hugo Triest, one after the other, employing great efforts, managed to find the money and means to keep the radio station operative. Today we take this opportunity to applaud them heartily.

During all this time, the team, working in a spirit of fraternity, made a big effort to put the radio in the service of the Haitian people, especially the more humble among the population, such as peasants, domestic personnel, street children, workers, etc, the way the Gospel asks. A good part of the Haitian people understood the value of the services that Radio Soleil offered it, and never failed to contribute to the radio with its solidarity in diverse forms, so that the station could function. These are the principles found in the Gospel, in church documents, and in diverse messages that the bishops have, in the past, made public over Radio Soleil—messages in which they spoke of the justice, respect for human rights, democracy, participation, and dialogue that guided us in all the work we were doing. All this led many people, Christian or not, Catholic or not, to listen to Radio Soleil because they saw in it a tool in the service of the church and of the entire nation, which was seeking salvation.

Some 3 months ago, a new administration was installed at the head of the radio, with another spirit, which tramples underfoot the radio's history, the structure that was already in place, the reception given people from the rural areas, and the trust that had always existed among the station personnel. It greatly curtails the possibilities we had to do our work. It scorns the principle of dialogue and participation, which was one of the radio's characteristic ways of functioning.

This had led us to the same kind of administration that the radio itself is in the habit of seeing and denouncing daily.

This path chosen by the administration led them to never pay attention to the request for dialogue with a view to seeing clearly where they wanted to take the radio that we made three times. Instead of seeking to sit down and talk to us, they answered us with letters of dismissal and threats.

This attitude is not in keeping with any principle of the Gospel. It does not respect the dignity and human rights that the church preaches, and it is not in keeping with what we habitually trumpet over the radio.

We declare that we cannot betray the cause we have been defending. We cannot deny everything we believe in. We cannot accept the dismissal of Joseph Georges, which is not fair. We do not accept the appointment of another program director, and we cannot continue our normal broadcasts.

Meanwhile, we ask the bishops, for the fourth time, to take measures to solve this problem, for the good of the church and the nation.

* Antilabor Aims Seen in Government Actions

* Union Leaders Criticized

32480151 Mexico City PROCESO in Spanish No 652 1 May 89 pp 6-8

[Article by Guillermo Correa and Salvador Corro]

[Text] In the name of trade union modernization the government of Carlos Salinas de Gortari has reached its first Labor Day—4 months after having entered office—involved in a full labor dispute. The workers are protesting against the lack of democracy in their unions, low salaries, unemployment, and the offensive against their collective bargaining agreements.

However, above all, President Salinas de Gortari has made it clear what he means by trade union modernization. During 4 months in office he has replaced four powerful trade union caciques by four trade union caciques of the same stamp but with a different kind of strength and more submissive to the government. La Quina fell from power, and Sebastian Guzman Cabrera, a man who uses the same methods, was appointed in his place. However, he does not have the same amount of accumulated power. In the musicians union Venus Rey fell from power, and Federico del Real was appointed. In the civil servants union the power of Carlos Riva Palacio was ended, and Jesus Lozano Contreras was appointed in his place. In the teachers union President Salinas took power away from Carlos Jonguitud and placed Elba Esther Gordillo in office.

On the average, this has been one cacique per month. However, they breathe the same air. None of the new caciques to whom the president has delegated his power reflects the will of the workers.

Other leaders, such as Francisco Hernandez Juarez of the telephone workers union, have established themselves in place with the open support of the president. On 22 April President Salinas de Gortari himself described Hernandez Juarez as "a modern and modernizing labor leader." Jorge Sanchez, from the Mexican Electricians Union [SME], is another of the president's allies in the modernization project. Thanks to this circumstance he obtained a promise from the government that an organization will be established to replace the Central Light and Power Company. However, opposition is growing in the ranks of the SME.

To legalize the offensive against the trade union movement, the government is threatening to pass a new federal labor law adverse to the workers, according to jurists and labor leaders.

Democracy and trade union autonomy are an aspiration of all workers. The government denies that it is intervening in their internal affairs. However, it cannot escape the evidence to the contrary.

First were the petroleum workers. On 10 January and for reasons unrelated to trade union affairs Joaquin Hernandez Galicia was removed from office. Later, in the midst of conflicting statements, Secretary of Labor Arsenio Farrel Cubillas prevented Senator Ricardo Camero Cardiel from replacing him.

Fawning Leaders of PEMEX

The official interpreted the trade union regulations as he pleased. He brought back Sebastian Guzman Cabrera who, a few months before, had chosen retirement. He permitted him to be appointed to the general secretariat of Section 10 in Minatitlan, when he should have been appointed to the general secretariat at the same level. The position assigned to him corresponded to that of secretary of the interior.

But that was not all. A few hours after La Quina was put in jail, Guzman Cabrera made public his plan, stating that the new era in the leadership of the union was "pro-Salinas, pro-PRI [Institutional Revolutionary Party], and pro-CTM [Confederation of Mexican Workers]." A few days after he formally assumed office he had the nerve to say at a meeting with his close associates on 9 February: "The government called me in to put the fire out." And he added: "It was necessary to reorganize the trade union because it had deviated from the correct path."

Guzman Cabrera began work immediately. He moved supporters of La Quina into inactive positions but he left the control structure intact. He did not allow candidates supported by the majority of the workers to come to power in any section—only those chosen by him. This action caused conflicts in Sections 34 (Central Offices and Professional Technicians), 30 (Poza Rica), 1 (Ciudad Madero), 35 (refineries in Tula and Atzcapozalco), 38 (Salina Cruz), and 44 (Villahermosa), among others.

After having been in power for 2 months Guzman Cabrera has still been unable to control Section 1, the original source of support for La Quina. The audits of its accounts have been inconclusive. However, on the other hand, he has been excessively attentive to what the government wants. He announced that petroleum workers will not demand a salary increase "too far from reality." He said that there will be large scale hirings of temporary workers and that he will not oppose changes in some clauses of collective bargaining agreements. Furthermore, he is already engaged in negotiations with the Secretariat of Agrarian Reform and with Conasupo [National Company for Basic Commodities] to transfer to them farms and stores owned by the trade union.

Opposition to Guzman Cabrera has grown to such an extent that a National Petroleum Commission [CNP] has already been established, and a hunger strike has begun in the Jardin San Fernando area as a sign of protest against the new leader. Salvador Hernandez Ayala of the CNP told PROCESO:

"We reject the methods and policies which Sebastian Guzman Cabrera has followed so far. We originally were in favor of his candidacy, because we thought that he was going to begin a process of democratization. We have realized that the reality is something else. He has changed the structure of the organization in a superficial way. At present department delegates and even secretaries general of sections follow the style of La Quina and, of course, follow his antidemocratic methods. The only thing which he has not done has been to listen to the rank and file of the union."

Ismael Hernandez, one of the new hunger strikers, pointed out on 27 April that "the trade union is living through a period worse than that under La Quina." On the morning of 27 April a group of sympathizers was "brutally" attacked by a gang sent by Carlos Romero Deschamps, "cacique" of Section 35 and a dedicated La Quina supporter who now follows Sebastian.

The situation is similar with the musicians' union of the CTM. They began a movement which brought about the fall of Venus Rey, their leader. In a classical maneuver and personally led by Fidel Velazquez, the appointment of Federico del Real was arranged, and dissidents led by Jaime de la Mora were pushed aside. However, discontent is growing. For about 1 month the opposition element has maintained a "watch" group of musicians at the corner of Reforma and Insurgentes Boulevards. They denounce the fact that violence against them has not ended.

Modernized Bureaucrats

It is the same thing with the civil servants. When it was considered an accomplished fact that the next leader in the Federation of Trade Unions of Government Service Workers (FSTSE) would be Joel Ayala, a candidate supported by Hugo Domenzain, then leader of the federation, the Institutional Revolutionary Party [PRI] unexpectedly sent him as a delegate to the State of Baja California. The clear intervention of Interior Secretary Fernando Gutierrez Barrios made the balance swing in favor of Rafael de Jesus Lozano who, not long ago, had been accused of fraud in the distribution of housing, amounting to more than 5 billion pesos.

The appointment caused confusion and division in the bureaucracy. Lozano's only fame was that of being a crook when he was the leader of the STUGDF [Single Trade Union of Workers of the Government of the Federal District]. This reputation later grew. His opponents called his candidacy very disgraceful, cold, and disorganized. And for the first time in history the opposition group, which has grown over the past few months, nominated Armando Ocampo Salazar, leader of the Democratic Current at the SARH [Secretariat of Agriculture and Water Resources] as its candidate.

Together with other leaders of Cotrase (Coordinating Board of Government Service Workers), which has distinguished itself for the defense of government workers, Ocampo Salazar stated: "The presence of Rafael de Jesus Lozano in the Federation of Government Service Workers reflects a certain degree of modernization in the leadership of the union, whose characteristics are the following. He is a disciplined supporter of the PRI who at no time would question, promote, or contribute to our struggle. He simply does what is dictated by the government. He has no views and cannot make decisions.

"Rafael de Jesus Lozano is not different from Hugo Domenzain. He is worse than Domenzain. He promotes unemployment because he alleges that he has dismissed thousands of government workers through so-called voluntary retirement and the decentralization of the career civil service. He is a spokesman of the bosses and an accomplice in carrying out their orders."

The government service workers state that "the remedy which the government alleged has turned out to be worse than the disease," because it does not wish to dispense with caciques such as Daniel Espina Galindo, in the SEDUE [Trade Union of the Urban Development and Ecology Secretariat]; Manuel Monarrez Valenzuela in the Trade Union of the Communications and Transport Secretariat; or Mario de los Santos in the Trade Union of the Agriculture Secretariat.

The government service workers continue: "They used to ask us to participate in the parades on 1 May. In exchange for that we had a day off. Now, when discontent is growing, they tell us not to go and refuse to issue us with tickets for access to the Zocalo [Mexico City's main square]."

The most recent case of imposition of a new leader on a trade union is that of Elba Esther Gordillo on the teachers' union. Her appointment was due to a mobilization of the teachers in a demand for democracy and a 100-percent increase in salary. She replaced Carlos Jonguitud Barrios, who resigned on 23 April after having meet with President Carlos Salinas de Gortari.

On 24 April the teachers paraded through the center of the capital and repudiated Elba Esther Gordillo. The government's decision to support her is also clear by its continuing to give in to the demands of the teachers who, on 28 April, had been on strike for 12 days.

Despite everything else, other labor leaders remain in office and soon will have their future assured. It makes no difference that, in exchange, the interests of their members have been sacrificed. An example is that of Francisco Hernandez Juarez, a telephone worker who warned about what was coming for the past 2 years and decided to become a member of the PRI. For having done that he was assigned to preside over the Congress of Labor [CT], under the protection of Fidel Velazquez. About 2 months ago he dealt with the final onslaught of modernization in his union sector but came out still standing.

Struggle of the Telephone Workers

On 14 April Hernandez Juarez signed an agreement under which 11 clauses of the collective bargaining agreement were changed. The trade union lost influence with the company and undertook to increase productivity and the quality of service. However, the most important aspect was that the trade union lost the possibility of defining, together with the company, all technical and operational aspects of the modernization projects. Now the company will only provide information for training and distribution to the workers. The Mixed Modernization Committee and the Central Productivity Committee were abolished.

Opposition to this situation has not been long in coming. However, the dissidents decline to give their names out of fear of being fired. Nevertheless, in all work centers leaflets circulate in which the attitudes of the leader and the alleged benefits of the modernization agreement are questioned. One leaflet states: "The cancelation of the 57 agreements and the changes in the CCT [collective bargaining agreement] have thrown away 30 years of struggle, strikes, dismissals, demonstrations, and the sacrifice of many of our comrades to improve our living and working conditions. It seems that the struggle has not been worth very much. What did the company get? The unfettered power to say whether the agreement covers generating plants or not in cases of death, retirement, promotion, or resignation. And in case the agreement covers them, the company will be able to do what it wants in a locality other than the one which generated the change in status. This development will lead to a real reduction in personnel in different departments and will hamper the employment of our family members.

"What do we workers get from these changes? A reduction of relative economic benefits affecting salaries, with differences in the various departments and internal disagreements as a result."

However, there is an unprecedented understanding between Hernandez Juarez and the government. On 22 April Carlos Salinas de Gortari opened the new trade union building of the telephone workers. The president and Hernandez Juarez agreed in their views on modernization. There was an exchange of mutual praise. Francisco Hernandez Juarez said: "We recognize principally the government, which establishes its strength and representative authority in a revolutionary program of change and structural modernization." Salinas de Gortari told him that he "has the support of his comrades, the respect of the government, and, furthermore, my friendship."

Salinas Supporter in His Heart

Jorge Sanchez, leader of the SME, is moving in the same direction but has more problems. A "Salinas supporter in his heart," the leader of the electricians has internal difficulties to deal with in applying his policy of close identification with the government. In the most recent salary change, adopted in the middle of March, in addition to the proposal for a salary increase of 14 percent, he raised the government's promise to establish an organization with its own budget and legal status which will end the constant threat of liquidating the Central Light and Power Company. However, this possibility is still a promise which brings with it the elimination of the jobs of at least 2,000 workers.

Although he is the leader of what was the most combative trade union until a few years ago, Jorge Sanchez is doing the impossible to please the government of Salinas de Gortari. On 26 April he maneuvered events at a meeting in such a way that the electrical workers would not take part in the parade on 1 May. His principal argument was basically that his union would not lend itself, as it had done on other occasions, to providing space to independent groups which protest against government labor policy. He said: "We consider that there would be hidden danger in participating." Not even the words of Luciano Galicia, the union leader during the 1960's and now retired, succeeded in making him reconsider. Galicia said: "let us not abandon the teachers, the miners, and all of the unions which are going to march simply out of fear that the government will be annoyed and will always say 'no' to us."

The dispute between the workers, their leaders, and the government which characterizes this May Day celebration is getting worse due to the massive layoffs which the administration has provoked since Carlos Salinas de Gortari served as secretary of planning and budget. At the same time the collective bargaining contracts are increasingly limited in scope. Examples of companies involved in both of these cases are: the Monterrey Foundries, the Dina-Renault factory, the bureaucracy, Volkswagen, Mexican Steel Works, Mexicana Airlines, Aeromexico, and others. The readjustments will continue, among other places, in the Mexican Petroleum Company [Pemex] and in the electrical sector.

The growing conflicts due to the lack of trade union democracy, the use of new technologies, the modernization of the productive system in general, and the low salaries which cause the economic crisis have been reducing the legal room for maneuver in defense of the workers. Octavio Loizaga de la Cueva and Jorge Fernandez Souza, experts in labor law, point out that, "during the last few years there have been more than a few ways of interpreting and applying labor standards. These have turned out to be in violation of inalienable, constitutional rights. Declarations that strikes cannot take place without a legal foundation, refusals to authorize the registrations of trade unions in exchange for applications which have met all of the formalities, and layoffs of personnel not provided for by established procedures are only the most outstanding cases."

Researchers from the Autonomous Metropolitan University of Atzcapozalco, who hold masters and doctoral degrees from foreign universities, add: "In the restrictive application of labor standards they have not avoided using administrative measures which are against the law. This is the case with the provision which set up the Local Committee of Conciliation and Arbitration of the Federal District in January. It provides that when a trade union presents a strike announcement, it must be accompanied by the minutes of the meeting at which the workers accepted and approved the possibility of going on strike. If the trade union does not present the minutes of such a meeting, no action will be taken on the strike application. Obviously, this is not a requirement which the Federal Labor Law provides for."

And they conclude: "It is a matter of concern that, precisely when the preparations are announced to carry out changes in labor legislation, the authorities make use of measures contrary to the standards in effect. Neither the elimination of mistakes in the administration of justice at the federal level, nor the establishment of new judicial jurisdictions to control the relationship between labor and capital, can take place with the least amount of solidity and legitimacy if they are based on unilateral decisions which ignore the opinion of the social groups involved. Insisting on those practices would involve promoting a lack of belief in the law and in its application."

The independent trade unions (members of universities, FAT [Authentic Labor Front], dressmakers, and 30 other organizations which make up the Cooperative Round Table) say that a new threat is hovering over the workers. This threat is the reform of the Federal Labor Law, sponsored by the government and with the blessing of company management, by means of which, for the sake of "modernization," it is proposed to legalize layoffs and the suppression of the fundamental rights of the workers and to legitimize "inhuman" procedures of exploitation.

They state: "We the workers must reject these reactionary aspirations and defend the original text of Article 123 of the constitution. We fight for the repeal of Section B, for the right to form trade unions freely, to carry out collective bargaining, and to engage in strikes without restrictions."

At present, they say, the role which the Secretariat of Labor and the Federal Conciliation and Arbitration Councils [JFCA] play is a scandal. These bodies make "arbitrary use" of labor legislation and have never been, as they are now, in such collusion with the employers in oppressing the workers. They state: "The way in which protection contracts have proliferated in various industrial branches is infuriating."

Above all, an extended dispute has broken out over the decision of the Labor Congress to deny access to the Zocalo to any laborer who does not have an entry pass. For that reason independent and official trade unions will celebrate May Day with three parades in different parts of Mexico City.

The repeated statements by Fidel Velazquez (the author of the idea of distributing entry passes as a form of control) that his central trade union organization would not use them were contradicted by the coming and going of the leaders who left the premises at Vallarta 8, loaded down with packages and bags.

Even more, the laborers will have to turn in their entry passes once their name, their trade union, and the place and time when they meet to take part in the parade are noted.

Cecilio Salas, the president of the Labor Congress, publicly admitted that the idea of distributing entry passes was to allow access to the Zocalo exclusively to members of the CT. He said that the purpose of this arrangement was to prevent from again infiltrating the Zocalo "people who are not serious, or people who are extremist revolutionaries, like those who threw bombs at the National Palace."

The independent trade unions, organized around the Cooperative Round Table, have stated that a group of about 30 of them will march from the Diana Theater to the Hemiciclo a Juarez [Juarez Monument], where they will hold a meeting. They issued an invitation to other organizations which would be permitted to march in the Zocalo to join them after the official parade.

Jorge Bustillo, of the Frente Autentico del Trabajo, stated that the parade of his organization "would be in a spirit of combat and claims" for the satisfaction of the demands of the laborers.

* Critical Sketch of Farell

32480151 Mexico City PROCESO in Spanish
No 652 1 May 89 pp 6-8

[Article by Pascal Beltran del Rio and Rodrigo Vera]

[Text] Efficient, tough, and a loyal servant of the system, Arsenio Farell Cubillas has spent nearly 7 years in office as the head of the Secretariat of Labor and Social Welfare [STPS]. He is the only one of the present secretaries of state who is continuing in his post in the present administration. Farell has known how to carry out faithfully the dictates on labor policy of the administrators of the crisis. In this respect he has been implacable.

Friends and enemies call him the "official of iron," capable of overcoming almost any obstacle. He has demonstrated this quality during his 16-year public service career. Since June 1973, when he replaced Jose Lopez Portillo in the Directorate General of the Federal Electricity Commission [CFE], Farell Cubillas has known how to resolve a large number of conflicts, thanks to his tough manner. He is an experienced lawyer. However, he has not spurned any kind of judicial wisdom, even violating the law, in order to carry out his instructions. He has avoided serious political errors. There is practically nothing that he is not able to resolve.

Trade union leaders do not hesitate to call his period in the STPS "the most antiworker in the country since the time of President Miguel Aleman." He has known how to divide the workers' movement, leading the independent and official trade unions through all kinds of political and legal labyrinths. Personally, he has taken charge of wrecking entire trade union organizations.

Since he took over the STPS on 1 December 1982, he himself has determined the direction in which it has gone. At the time he said to prosecutor Sergio Garcia Ramirez: "The just desires and the legitimate aspirations of the workers will have to be postponed until a better time." And as if to confirm what side he was on, he stated at the beginning of 1983, in the course of the first trade union conflict which he dealt with, that those responsible for the inflation were the workers "for attempting to obtain so many salary increases." That has been his medicine up to now.

In the view of Arturo Whaley, former leader of the now defunct Single Trade Union of Workers of the Nuclear Industry (SUTIN), the secretary of labor, far from conciliating, always tries to take part in labor conflicts, "and always against the workers."

It was specifically Farell who was placed in charge of closing down the SUTIN, because of the strike of nuclear laborers in the summer of 1983. He facilitated the declaration of bankruptcy by Uramex [Mexican Uranium Company] and intervened in the internal affairs of the trade union.

Whaley recalled: "Arsenio Farell took the side of the company when the company considered it improper for SUTIN to go out on strike unilaterally. We were always a trade union with a definite strategy. On that occasion we decided that it was necessary to stop the strike, in view of the government's obstinacy. However, we were surprised to find that we were prevented from stopping the strike. The dismissal of the workers and the liquidation of Uramex had already been decided. The only step left to take was for Congress to approve this action."

However, the interference of Arsenio Farell in the conflict did not stop there, nor did his collusion with the Mexican Uranium Company in closing down what was considered one of the most solid, independent trade unions. In December 1984, after holding elections, the leadership of SUTIN met with Farell to register the executive committee which would be in charge of handling the process of liquidation of the union. And Farell stopped them cold by remarking drily to Arturo Whaley, who had won the elections: "In no way are you going to be the leader." He continued: "Do what you want with him."

Whaley continued that the secretary of labor "had already found David Bahena as a leader. They held an alleged assembly of the union, where recognition was withdrawn from the executive committee. However, we countered this maneuver by holding a demonstration. When Farell understood that he could not take the leadership of the union away from us, he began to undermine us with black mail against individual members." In this way nearly 40 percent of the members abandoned the union to collect their severance pay, under the threat of not receiving a single centavo if they did not do so. This was what finally happened to those who remained members of the SUTIN.

Whaley asks himself why Farell returned to office as secretary of labor, when his methods only lead to social tensions, as is being demonstrated in the present strike by the teachers.

Enemy of Dissidence

During his career in the federal civil service the one-time adviser to the Trade Union of Pilots and Aviators of Mexico (ASPA) and to the National Association of Actors (ANDA), where his relationship with Rodolfo Echeverria led him into politics, has left evidence of his toughness.

As a director of the CFE from 1973 to 1976, he did what former President Jose Lopez Portillo, his predecessor in this position, never achieved: He wiped out trade union dissidence. In July 1976, during the strike by the workers at the CFE and when its installations were occupied by the Army, Farell called a meeting of the trade union section leaders. This meeting was turned into a trap designed to annihilate the Tendencia Democratica [Democratic Tendency] faction of Rafael Galvan. Using threats, he prevented the section leaders from leaving the premises until he succeeded in obtaining the surrender of Victor Manuel Carreto from Puebla and Jose Aceves Pozos from Jalisco, the leaders of the two principal sections of the union. Furthermore, during his term of office he turned over leadership of the Sole Trade Union of Electrical Workers of the Mexican Republic [SUTERM] to Leonardo Rodriguez Alcaine, the present leader, also known as "Blondie" [La Guera].

In 1976 Jose Lopez Portillo appointed Farell director of the Mexican Institute of Social Security [IMSS], a position which he held throughout Lopez Portillo's 6-year term of office. However, the change in his area of work did not mean a change in Farell's methods.

His performance in the Secretariat of Labor was once summarized by Mario Suarez, leader of the Revolutionary Confederation of Workers [CRT]: "When it is proved that a trade union is right, he says nothing. When it is proved that a certain action by the Secretariat of Labor is illegal, he remains silent. He never answers when he has no way out. Arguments have no effect on him."

And even Fidel Velazquez himself, the leader of the Confederation of Mexican Workers [CTM], accused the STPS and the secretary himself of nullifying the constitutional right to strike and of imposing a salary ceiling.

During the 109th assembly of his organization, held on 24 February, the old leader added that strikes have been outlawed, "using subterfuges and paying no attention to the law." He referred to labor authorities who carry out a policy "contrary to the expressed instructions of President Salinas de Gortari."

On 25 February during the closing debate at the assembly Arsenio Farell Cubillas was booed by those attending it. Then he had to take refuge between Sebastian Guzman Cabrera and Leonardo Rodriguez Alcaine.

The rejection of Farell by the workers was not unwarranted. Victor Quiroga, secretary general of the Authentic Labor Front (FAT), pointed out the characteristics of the labor policy of Farell Cubillas:

"In 7 years the only independent trade union of the government which obtained registered status from the STPS was the dressmakers' union, and that was because of an exceptional situation." According to Quiroga, the three pillars of the rights of the workers—freedom to form trade unions, collective bargaining, and the right to strike—are being eliminated by the labor authorities. He added: "Previously, there was relative implementation of the laws. Today, on the other hand, the only interest of the government is strengthening the corporative status of the trade unions. We have lived through an expansion in the control of labor conflicts by the Secretariat of Labor which is prejudicial to the interests of the workers.

"Trade union freedom is being suppressed at a time when the STPS, through its various services, is charged with determining the legality or illegality of a trade union. It is using this power in an arbitrary way, rejecting the registration of democratic trade unions and recognizing only those which support it unconditionally. This pattern of behavior is a flagrant violation of the 1987 convention of the International Labor Organization, which points out the necessary existence of trade union freedom and pluralism. Furthermore, the Secretariat of Labor is the body which finally recognizes or withholds recognition from trade union leaders. Under Farell's leadership the STPS has prevented the promotion of democratic leaders, as happened in the case of the musicians and the petroleum workers."

Quiroga added that, in violation of the law, the Secretariat of Labor has appropriated the right to impose salary ceilings. He said: "Even in agreements where a salary increase greater than the maximum stipulated is agreed on, the labor authorities require the company to pay the excess percentage in allowances and not as part of the salary. And in negotiations involving contract law, the STPS has assumed the role of the boss, determining the top salary in the branch in question."

In the view of the FAT leader there is now a state of legal insecurity in the labor sector. He said: "Through clever interpretations of the law and the implementation of advantageous measures such as inspections and 'administrative intervention,' the Secretariat of Labor is blocking the use of the right to strike. Handling labor affairs is increasingly complex and takes more time, and the declaration that a strike is illegal is now the custom."

This is a custom which Farell has followed with a series of hard blows. From 1983 to the present several of the principal trade unions throughout the country have given up their struggle in view of the inflexibility of the "secretary of iron." Workers of the aviation, automotive, electric, and steel industries have all, one by one, been victims of the schemes of Farell Cubillas, who even went so far as to challenge a group of workers of the Acros Company to a fist fight in February 1983 when they went to see him to speed up the solution of the labor conflict in which they were involved.

One of the first tests of strength occurred in November 1983, when Farell declared the strike by stewards of Mexicana Airlines illegal. They were demanding a salary increase and were complaining about violations of their work contract. However, Farell imposed his authority. He argued that the strike call was not accompanied by the minutes of the meeting at which the workers agreed to go out on strike. This is a requirement which certainly is not provided for in the Federal Labor Law.

In March 1986 he also declared the strike by workers at the Dina-Renault factory illegal. They were asking for a change in their contract and a salary increase. Not agreeing with these demands, the secretary of labor demanded punishment in prison for the workers for taking over the offices of the Federal Conciliation and Arbitration Commission [JFCA] and for blocking the Toluca highway. Farell practically imprisoned the leaders for 7 days to "conciliate" the dispute with them. He instrumented a whole press campaign against Juan Ortega Arenas, leader of the Independent Workers Unity organization, whom he accused of inciting the workers to violence. He used Alberto Juarez Blancas, national leader of CROC [Revolutionary Confederation of Workers and Peasants], and Cuauhtemoc Paleta, national leader of CROM [Revolutionary Confederation of Mexican Laborers], to destroy the union movement of the automotive workers.

The Mexican Union of Electricians (SME) met the same fate. The Secretariat of Labor communicated to the union on 3 March 1987 the advice of the JFCA which declared the strike illegal. This was 5 days before the strike to demand a 23-percent salary increase was due to begin. The blow was quick and sharp, when the electricians were beginning to win the sympathy of many people. On 5 March, once they were defeated, the electricians were called in by Farell Cubillas to begin discussions to revise their collective bargaining agreement, which was due to expire on 16 March. Once again the secretary of labor had won.

The Blow Against Aeromexico

In April 1988 he won once again, in a new display of crudeness against the workers of Aeromexico. Without proposing any negotiations he declared Aeromexico bankrupt and called the strike, which had interrupted air service, illegal. Suddenly, he declared that working relations between the company and its unions of ground workers, stewards, and pilots were terminated. The workers called this maneuver "illegal, an abuse of power, and authoritarian."

The secretary of labor has created divisions between the central trade union organizations, which are grouped together in the Labor Congress, by his open position in favor of the Revolutionary Confederation of Laborers and Farmers. He has said that this central trade union organization, which is opposed to the CTM [Confederation of Mexican Workers], is destined to be the vanguard of trade unionism, "the central trade union organization of the future."

Having become totally involved in the official posture of "national sacrifice" considered necessary to overcome the present crisis, Farell is, according to Enrique de la Garza, a university specialist in trade union affairs, more than a secretary who has his own position. He is not like Manuel Camacho Solis, a simple instrument of the president, an efficient executor of Salinas' instructions. He has no views of his own which might diverge from those of the president. For this reason and because of his efficiency he was rewarded with reappointment to his previous position in the cabinet. Farell is what is called, in PRI [Institutional Revolutionary Party] language, "a loyal official."

The coordinator of the master's program in the sociology of labor at the UAM-Iztapalaba [University of Mexico campus at Iztapalaba] states that it has been up to Farell to carry out orders which no other secretary of labor had ever received. He states: "He has delivered blows to official trade unions which have fallen from the government's favor, such as the petroleum workers union and the SNTE [National Trade Union of Education Workers]." He adds that, "for good or evil," Farell has been, since the past presidential term, the "judicial arm" to make labor contracts more flexible and favorable to companies and to industrial restructuring.

Arturo Whaley believes that the modernization project of young politicians has been reflected in the labor field in "an acceleration in bringing a corporative structure to trade union life. It is being proved that Farell's period of leadership involves depoliticizing the trade unions and even turning them into colorless organizations limited to carrying out their task of managing improvements in union working conditions. And in this effort there has been no discrimination. The STPS has struck equally at independent as well as official trade unionism. The peasants, after ceasing to be instruments of political control, are no longer useful. Therefore, he has not been embarrassed about getting rid of those leaders who refuse to turn over to the government their areas of power."

In the view of the former labor leader the demands of the workers have been reduced, due to the "brutal practices of the authorities" and the intensification of the process of centralizing power. He said: "We are living through a period of growing conservatism in the trade unions. The blows dealt by Farell have brought the unions back to dealing with their internal problems."

On the other hand Homero Flores, leader of the ASPA and former president of the Labor Congress, is ready to defend Farell from any and all attacks. He says that Farell is a "great visionary" who tries at any cost to defend the interests of Mexico above those of the working class, "which at least has the privilege of a collective bargaining contract." In the view of the leader of the pilots, the secretary of labor, whom he has known since the late 1950's, when he was an adviser of the ASPA, is trying "to maintain a balance between the private sector and its workers, thereby preventing unemployment and bankruptcies." And he calls him a man with "an iron hand in carrying out his mission. He is firm and gets to the point. With him you cannot beat about the bush."

Farell and former President Jose Lopez Portillo have been friends since childhood. Lopez Portillo did not forget Farell when he wrote his memoirs. In his book, "Mis tiempos" [My Times], the former president says that "Arsenio Farell and Luis Echeverria entered the law firm of Don Jesus Rodriguez Gomez in 1942, and we went through some experiences together. Arsenio had as pronounced a vocation for the law as Ricardo Martinez de Hoyos had to be a painter. He became one of the best trial lawyers in Mexico."

He added later, in his entry for 9 June 1980: "The problem with the medical residents of the IMSS was resolved with the intervention of (Pedro) Ojeda (Paullada) and by discouraging Farell, who created the problem with his energy and did not know how or could not resolve it with his energy." This is the same energy with which he now continues to fight with the workers. This time, however, he has failed.

* Jonguitud Resignation

32480151 Mexico City PROCESO in Spanish
1 May 89 pp 14-15

[Article by Homero Campa]

[Text] As on every Sunday Carlos Jonguitud Barrios and Guadalupe Rodea, his wife, were waiting for the visit of their four sons in their house in Pedregal de San Angel. At about 1000 Yolanda Garcia, their housekeeper, told Jonguitud that he had a telephone call. It was from Andres Massieu, private secretary of President Carlos Salinas de Gortari, who asked him to go to Los Pinos where the president wanted to see him.

At 1200 Jonguitud arrived at Los Pinos in his black [Ford] LTD automobile. He asked Mario Olalde, his chauffeur, to wait for him. Some 30 minutes later he came out with his face marked with worry. He had resigned his lifetime leadership of the National Trade Union of Education Workers [SNTE].

Barely 30 minutes were enough for the leadership which he had held for 17 years among the teachers of the country to come to an end. Neither the dissident movements at the beginning of the 1980's, nor the confrontations with some secretaries of public education, nor the periodic cooling of relations with at least the two previous presidents, had been enough to take his power away. As late as 20 April, 4 days before he visited the president, he seemed sure of his power. He stated: "I will go on until the leaders of the union indicate otherwise to me."

However, the ruling bodies of the union never asked him to resign. Nor did Jonguitud present his resignation in writing, in accordance with the formal requirements. Nor did the senator from Potosi make his resignation public. It was the Directorate of Communications of the Office of the President which, at 1330, issued communique 225 in which it stated:

"President Carlos Salinas de Gortari received Professor Carlos Jonguitud Barrios on the morning of 23 April at his official residence of Los Pinos.

"At the conclusion of this meeting and after discussing the resolution of the Federal Tribunal of Conciliation and Arbitration, Senator Jonguitud Barrios informed the president of his decision to resign today from the trade union responsibilities which he holds as national president of Vanguardia Revolucionaria [Revolutionary Vanguard] and as a permanent adviser of the National Executive Committee of Education Workers."

It all began, in fact, on 22 April. In the offices of the Secretariat of the Interior Secretary Fernando Gutierrez Barrios, Manuel Bartlett Diaz and Arsenio Farell Cubillas, the secretaries of the interior, education and of labor, respectively, analyzed and discussed the problem of the teachers. Out of that meeting came an agreement that the Federal Tribunal of Conciliation and Arbitration would resolve, as juridically appropriate, that the National Executive Committee of the SNTE would call an extraordinary congress of Section 9 of the union (teachers of primary and preschool grades) and that this congress would be held before the end of the present school year, that is, in July.

Informed of the government decision, the members of the National Executive Committee of the SNTE met early in the morning of 23 April in the building located at Venezuela 54. They immediately communicated with the secretaries of the section committees to ask them to maintain unity around the Vanguardia Revolucionaria organization. They were asked to come to Mexico City to "analyze the situation together," and the other members of the section committees were waiting for any information or indication.

However, the orders were confused. Some of them were asked to meet in the Interamerican Center of Social Security Studies (CIESS) in San Jeronimo. Others were asked to meet at the trade union building in the central part of the city. The meeting was to be held at 1800.

Telephonic Orders

About 1 hour after the communique was issued by the Office of the Presidency the National Executive Council of the SNTE held an emergency meeting. Refugio Araujo del Angel, secretary general of the trade union, reported on the resolution of the Tribunal of Conciliation and Arbitration. He said that he would act in accordance with the law and that the necessary legal resources would be used to make sure that the statutory procedures of the trade union regarding questions of an internal order would be respected.

After 1500 telephone calls were made from the Secretariat of the Interior to the secretaries of government of each state. The orders were specific: "arrest and bring to the Federal District the secretaries general of the sections of the SNTE." The show of force used was impressive. The secretaries of government, accompanied by several police patrols, went to the homes of the union section leaders. Some of them had already left for Mexico City under instructions from the National Executive Council of the union. Others were found in restaurants and at family functions. They were clearly unable to find some of them, as they had gone into hiding.

In the Che Guevara Auditorium of the Faculty of Philosophy and Letters of the UNAM [National Autonomous University of Mexico] a meeting was being held of representatives of the National Coordinating Board of Education Workers (CNTE). When the news was heard of Jonguitud's resignation, more than 2,000 representatives were jubilant and shouted: "Whether it wants it or not, the Vanguardia Revolucionaria is out." At about 1700 Pablo Enriquez Ruiz, a close associate of Elba Esther Gordillo, arrived at the auditorium. He found Ramon Couoh, a dissident leader of Section 36 and a supporter of Gordillo.

Couoh asked: "What are you doing here? What do you want?"

Enriquez Ruiz answered: "To talk to you. I have tried to find you...."

Couoh replied: "You have nothing to say to me. Comrades, show the teacher out."

Enriquez Ruiz continued: "Why be stupid, when you can see that Gordillo will be the secretary general of the trade union."

After 1700 Refugio Araujo left the union building. He was accompanied by Baldemar Rodriguez, chief of security of the SNTE and former chief of police of San Luis Potosi, and Alberto Rangel, his private secretary. In a hurry and eating an apple he got into a blue Topaz automobile. Four other vehicles accompanied him. The security guards said: "Go to the CIESS."

However, he never reached the CIESS. The section leaders and the secretaries of government of the States of Chihuahua, San Luis Potosi, Durango, Puebla, and Guanajuato were there. For more than 3 hours they waited for "Cuco" [Crafty]. There were also reporters on the scene who came there after hearing a rumor that there would be a press conference. There was total confusion. Crowded in front of the few telephones, officials, section leaders, and reporters tried to speak to the trade union, to the governors of the states, and to the Secretariat of the Interior itself.

When Araujo del Angel left the SNTE, the security dispositions surrounding the trade union building were clearly visible. At the corner of El Carmen and Venezuela Streets were four police patrols and a minibus full of granaderos [Federal District General Secretariat for Safety and Roadways, a police unit responsible for control of crowds and demonstrations]. In Donceles Street were three other police patrols and another minibus of granaderos. Police patrols passed in front of the building every 3 or 4 minutes. In all, there were about 100 security personnel on the scene.

At Jonguitud's house, at 242 Lava Street in the Pedregal section, everything seemed quiet until just before 1800. There were eight automobiles in its driveway. Outside was a cream-colored Caprice automobile with license tag 281-CME from the Federal District. And Yolanda Garcia, the housekeeper, answered the phone with an unchanging comment: "The professor is not here. He went out with his children to eat and has not returned."

At about 1810 four police patrols, a panel truck, and a jeep from the Secretariat for Safety and Roadways, a patrol from the National Security Directorate, and a truck with the number 17501, carrying about 20 granaderos, appeared. They were commanded by Captain Orozco Paz, the "group chief." In a few minutes the street was closed off and the block was surrounded. No one could enter or leave. The neighbors had to stay where they were. The police ran up to some reporters who had previously arrived at the house and said: "You have nothing to do here. Get out." Policeman G. Hernandez C., wearing identity number 5807, who normally guarded the building, stuck his head out. Several arms grabbed him, pulled him out, and threw him against a wall. They asked him in a threatening way: "What is your name? What police unit do you belong to? What are you doing here?"

At 2100 the news reached the CIESS: Araujo del Angel is at the Secretariat of the Interior. In confusion the reporters left the Bucareli building. And so, Refugio Araujo was in the office of Fernando Gutierrez Barrios. At 2130 a red Corsair, license plate number 296-CYH, arrived at the secretariat. Elba Esther Gordillo, head of the Gustavo A. Madero administrative division, got out of it and immediately went to the office of Gutierrez Barrios. At 2230 Alberto Assad Avila, the organization secretary of the SNTE, arrived and joined "the discussions."

The rumors increased: that Elba is the new secretary general, that the whole National Executive Council of the SNTE will resign, that in the countryside the teachers have instructions to go out on strike, etc.

According to reports that have not been denied, both by Francisco Cardenas Cruz, a columnist for EL UNIVERSAL, and by the daily newspaper, EL ECONOMISTA, during the meeting of the Extraordinary Council of the SNTE Jonguitud Barrios was opposed to the resignation of Araujo del Angel, "as a result of which he called on supporters of Vanguardia Revolucionaria to take over by assault the buildings containing the offices of the SEP [Secretariat of Public Education] in the provinces, block the roads, organize rolling work stoppages leading to a national level strike, and to distribute leaflets denouncing government interference in the internal affairs of the trade union."

Don Cuco Withdraws

Jonguitud Barrios did not attend the extraordinary national council meeting. However, it turned out that he was opposed to Araujo del Angel's resignation from the general secretariat of the SNTE.

The negotiations in the Secretariat of Government went on. At 0045 on 24 April Araujo del Angel came out, visibly concerned. He walked away quickly, followed by Assad Avila. The reporters went up to him, but he refused to talk. He said: "Nothing has happened. I have not talked to Professor Jonguitud. I have nothing to say." And when the reporters were insistent, he added: "Take it easy. You will find out in time."

At 0145 the Directorate of Social Communications of the National Executive Council of the SNTE stated that Araujo del Angel had requested and obtained an "unconditional leave of absence" as secretary of the National Executive Council.

In a hurry, wearing an impeccable violet suit with a white collar, Elba Esther Gordillo got into her red Corsair at 0350 and ordered the driver: "To the union office."

Meeting in the conference room on the fifth floor of the trade union building, the secretaries of sections and the members of the National Executive Council listened attentively to Araujo del Angel. He said: "I have asked for an unconditional leave of absence for the good of the organization. I think that you have enough maturity to maintain unity and to continue working at this difficult time." A few minutes later Elba Esther Gordillo entered the room, and the 16th session of the extraordinary national council was begun. In a short speech she asked for unity in continuing to work. She stated that no one would be punished, that they were entering a new stage in the life of the union. She asked for their loyalty to the institution and said that there would be firmness in maintaining "union autonomy and integrity."

There was no applause, and the atmosphere was tense and cold. Elba Esther Gordillo ended her speech: "I know that this is a difficult situation and I understand your silence." It was 0600 on 24 April.

At 0700 she appeared before the cameras of Televisa [Mexican television channel] for the first of a half dozen interviews she gave in the course of the day. She was smiling and happy because, she said: "I have realized one of my dreams." The new leader of the teachers' union avoided talking about the Vanguardia Revolucionaria, the organization which Jonguitud Barrios, her predecessor, had established and to which she belonged. She said: "Vanguardia is no more. We are returning to the beginnings of the teachers' union and we are now a broad front in which all groups can fit." And she invited the dissident teachers to a dialogue, because "the doors of the union are open."

Regarding the accusation that the CNTE accused her of the murder of Misael Nunez Acosta, the dissident leader, she said that she had "clean hands and a clean conscience." She rejected any comparison between her becoming union leader and the government's appointment of Sebastian Guzman Cabrera as leader of the petroleum workers' union. She said: "I ask you not to make comparisons. I am the secretary general of the SNTE by the will of the teachers, expressed unanimously at the 16th Extraordinary National Council."

* SNTE Leader Gordillo

32480151 Mexico City PROCESO in Spanish No 652 1 May 89 pp 14-15

[Text] Speaking softly, almost in her ear, Carlos Jonguitud Barrios told Elba Esther Gordillo that she would not be secretary general of the National Trade Union of Education Workers [SNTE]. They spoke barely for a minute at the plenary session of delegates to the 15th National Ordinary Congress of the SNTE, held in February 1989.

It was the second time that her boss and former protector kept her from assuming the formal leadership of the teachers' union. In fact, this led to a virtual break in their relations, which had slowly deteriorated over the previous 3 years. Little by little, Jonguitud pushed her to one side in the SNTE. In 1986 at the 14th national congress of the union he did not let her become secretary general, when she appeared to be the strongest candidate. In 1987 he put her on the shelf in the National Vigilance Committee, whose only function consisted of disciplining teachers. In 1988 he withdrew his support for her in union Section 36, where Elba Esther Gordillo maintains her regional cacicazgo [cacique holdings], and he surreptitiously supported a group of teachers from the Vanguardia Revolucionaria who attacked her. In 1989 after he kept her once again from becoming the national leader, he relegated her to a committee of advisers.

Thanks to her relationships outside the union, particularly with Manuel Camacho Solis, chief of the DDF [Federal District Department], Elba Esther survived being sidelined and was named head of the Gustavo A. Madero administrative division.

Born in Comitan, Chiapas, 43 years ago, Gordillo began her political and trade union activities in Ciudad Netzahualcoyotl, where she was an elementary school teacher. At the end of the 1960's she was a member of a circle of Trotskyite studies, which was presided over by Profesor Armando Vazquez, a member of the PRT [Revolutionary Workers Party]. The study circle led her to win the post of secretary of Delegation D-1-21. Now a delegate, she met Jonguitud in 1973 at a plenary session of delegations of union Section 36.

When the young Elba Esther refuted his arguments, Jonguitud told Bernardo Silva, a sectional leader: "Well, now, bring me that skinny young woman."

Jonguitud turned her into a part of the SNTE. Protected by the already lifetime leader of the SNTE, she was secretary for conflicts in elementary schools in Section 36 in 1974. In 1977 she entered the secretariat general at the instance of Jonguitud. Out of 200 delegates only 77 voted for her. The majority protested at the proceedings and withdrew from the hall before what they considered a farce came to an end.

Now in the secretariat general of Section 36, she set up her regional base. She established a network of union delegates, directors, and inspectors who were loyal to her. According to dissident leader Ramon Couoh, she corrupted state educational officials and suppressed dissidence.

When she ended her period as a sectional leader, she managed to name her successors: in 1980, Dionisio Moreno Cortes, her secretary of finance; in 1986, Jesus Ixta Serna, her coordinator of inspectors; and in 1989, Moises Armenta, her private secretary.

In the Coordinated Services Section of Public Education in the State of Mexico she has loyal supporters, including Baldemar Grageda, a former delegation secretary and now subdirector of basic education; Rodrigo Morales Cruz, former secretary for conflicts in the section and now third ranking official in the office of the federal director of elementary education; Tomas Hernandez Lopez, federal director of elementary education; and Hector Animas Vargas, department chief of general secondary schools and, at the same time, secretary for records and agreements in Section 36.

At the beginning of the 1980's Gordillo succeeded in halting dissidence among the teachers, who threatened to displace Vanguardia Revolucionaria. Teodoro Palomino and Ramon Couoh recall that she fired about 50 teachers who were sympathizers of the CNTE [National Coordinating Board of Education Workers. In December 1982, supported by the judicial police and the BARAPEN [expansion unknown], she held a congress behind the backs of the teachers in the village of Acozac, while hundreds of teachers were being beaten outside the Apolo theater in Ciudad Satelite [suburb of Mexico City] for having asked for a democratic congress.

When Opposition leader Misael Nunez Acosta was murdered in January 1981 the dissidents accused her of being one of those interested in having this happen, as reported by an article prominently displayed in February 1981 in the daily newspaper UNO MAS UNO. Up to the present the murder has not been cleared up.

Having achieved control of Section 36, she moved into the National Executive Council of the SNTE. In 1980 she became secretary of conflicts in preschool and elementary schools. In 1983 she became secretary of finance. In 1986, when everyone was hoping for her election to the general secretariat, Jonguitud took her out of the contest. He designated Antonio Jaimes Aguilar, with whom Gordillo had political differences. He sent her to the National Vigilance Committee, whose only important action was to withdraw accreditation from the executive committee of Section 7 in March 1987. This section was one of the bastions of dissidence among the teachers.

Hurt by the attitude of her boss and protector, she dedicated herself to activities outside the union. As a deputy Elba Esther unsuccessfully sought to manipulate and control the movement of victims of the Tlatelolco disaster. Cuauhtemoc Abarca, Antonio Garcia, and Armando Barreiro stated in October 1985 that she tried to win them over and to divide them by establishing a Tlatelolco Committee of Assistance and Rehabilitation. In 1986 she was appointed, by the National Executive Committee of the PRI [Institutional Revolutionary Party], coordinator of the State Voting Program in the elections in the State of Chihuahua. She organized groups to get out the vote and, according to accusations by the PAN [National Action Party], urged the teachers in the state to bring out new and "flying" voters [who travel from polling booth to polling booth and vote several times]. As a reward for her efforts she obtained the position of organizational secretary of the National Executive Committee of the PRI.

In September 1987 she replied to the fifth report of government of President Miguel de la Madrid. She was nervous and read the reply badly and was harshly criticized by the opposition parties. In September 1987 she acted as president of the Chamber of Deputies and lost control of it. In an unheard of action she left the president's chair in the midst of a session to go and consult directly with Nicolas Reynes Berazaluce, leader of the PRI majority. Her image had deteriorated, and she could do little in her fight to obtain a PRI Senatorial nomination in the State of Chiapas.

She accepted the challenge of winning back the State of Chihuahua, then dominated by the PAN, for the PRI and for Carlos Salinas de Gortari, its candidate for the presidency. On 8 March 1988 she was once again appointed a delegate on the National Executive Council of the PRI. As she had been well acquainted with Chihuahua since 1986, she broadened her program for getting out the vote and checking on the voters. According to Angel Otero, a PROCESO correspondent, Gordillo sponsored the formation of the Union of Hair Stylists and Barbers, an affiliate of the CNOP [National Confederation of Popular Organizations], and organized an unusual group to encourage people to vote. At her suggestion students of the Higher Institute of Hair Stylists went through working class colonies [urban communities] offering free haircuts and hair sets to the highly politicized electorate of Chihuahua. Then the PAN accused her of distributing a "Manual of Fraud," describing techniques and procedures to manipulate the votes. Gordillo denied that the PRI had prepared the booklet and, in reply, secretly distributed an operations manual supposedly prepared by the PAN, in which the formation of fighting gangs was recommended. Finally, the vote for Salinas was higher than expected. She claimed and obtained the nomination for delegate in Gustavo A. Madero.

From the trade union point of view Jonguitud not only did not support her but sought to sideline her even further. In 1988 six members of the sectional committee of the Valley of Mexico, headed by Humberto de la Sancha Albarran, secretary of cultural action and development, left her and escaped from her control. Supported by Jonguitud, they prepared leaflets and documents in which they accused Gordillo of manipulating as she pleased the economic activities of Section 36, of giving her most loyal supporters two jobs each and short-term loans, and of taking members of the sectional committee from their jobs and bringing them to the offices of the PRI or of the Gustavo A. Madero administrative division.

The group led by Humberto de la Sancha could do little at the congress of Section 36, which was held in January 1988. Their proposals and positions were swept aside. Nevertheless, Elba Esther never forgot who was behind these maneuvers. And she had an opportunity to settle accounts. She did not care that this involved her boss and former protector.

In her short time as secretary general of the SNTE Elba Esther has moved on all fronts. She has called in groups and leaders hurt or displaced by Jonguitud, presided over meetings of the National Executive Council, spoken frequently with the press, and directed negotiations with the dissidents herself. One fact reflects this pattern:

On 28 April at 0305 the dissidents stated that she was not their legitimate leader. She said, when she was away from the bargaining table: "If you do not recognize me, why are we here?"

Fernando Elias Calles, the subsecretary of education, stopped her from raising her voice. He said that it was not a matter of recognition or nonrecognition but rather moving the negotiations forward.

Indignant, Gordillo pounded the table and shouted: "Is it perhaps this secretariat that does not recognize me? I am the secretary general of the teachers' union."

Elias Calles reconsidered his comment: "Please listen, teacher, we have never questioned recognizing the formal representation of the SNTE. If you understood it that way, I beg your pardon."

* Government Interference in Newspaper Charged

32480156a Mexico City PROCESO in Spanish No 652 1 May 89 pp 29-30

[For related reporting see 27 April 1989 Latin America DAILY REPORT (FBIS-LAT-89-080), pp 12-13]

[Text] "It must be said plainly: the government gave away UNOMASUNO to Luis Gutierrez," its editor, claims Fernando Marti, a former contributor to the newspaper dismissed by Gutierrez in what he interprets as revenge for "having publicly stated what seemed to me to be obviously inordinate: the operation whereby the editor and "a group of loyal followers" acquired Editorial Uno [Uno Publishers].

To date, the recent change in the newspaper's ownership has prompted the departure of seven reporters and its information chief, Luis Acevedo, added to the resignations of the supplement editors and the special staff reporter, submitted in March of this year, when Manuel Becerra Acosta, the newspaper's general manager and founder, sold his stock shares and left the country (PROCESO 646).

On Wednesday, 26 April, the announcement was published on the front page that, since 1 March, "several workers from this publishing house have taken action aimed at returning those securities (88.9 percent of the stock shares that Becerra had sold to architect Angel Borja) into the hands of those who make the daily publication of UNOMASUNO possible.

"Last Monday, 24 April, these legitimate acts culminated in the procurement of financing negotiated with a national credit association."

And although the new owners announced this as a legitimate act aimed at keeping their "professional integrity" and "respectability intact," the purchase and sale transaction has been described by former contributors to UNOMASUNO as "shady," "illegal," and a sign of "outside interference," heralding a "sordid period of subservience to the government."

On that same Wednesday seven reporters announced that they had stopped working at "UNOMASUNO as a result of repressive acts, harassment, and violations of labor rights, which became worse when Luis Gutierrez Rodriguez took office as editor. This compounds the markedly government-oriented policy established in the newspaper since Manuel Becerra Acosta's departure as general manager, one that is identified with PRI's [Institutional Revolutionary Party] most undemocratic sectors."

In a letter sent to PROCESO, reporters Miguel Badillo, Raul Correa, Maribel Gutierrez, Rebeca Lizarraga, Alicia Ortiz, and Jose Vilchis claim that, "The harassment had various manifestations, reaching the negative point of paying salaries legitimately earned with a reduction in the amount thereof, on account of which four of us undersigned had no recourse other than to sue the company. Two more of us were dismissed unjustifiably, and another resigned in protest over the harassment and the change in editorial policy."

The letter explains that, in the case of Raul Correa, the only official explanation for his dismissal was "the editor's lack of confidence."

The style of UNOMASUNO's new management is clear in the letter with which the editor dismissed Fernando Marti, the newspaper's editorial contributor:

Under Luis Gutierrez Rodriguez' letterhead, and dated 20 April 1989, the letter reads:

"Dear Fernando: First of all, a thousand pardons for not having attended the dinner. I have hanging over me the matter with which you are familiar, and I was summoned for a double check this very afternoon.

"I admit having made an unpardonable error last weekend: I didn't review the 'Page One' material published on Sunday, 16 April.

"It wasn't until last night, Wednesday, 19 April, that, with concern, I had to return to the newspaper very late to read carefully what you had published in 'The Prickly Pear Thicket.' I admit having deleted much of what you wrote, or perhaps all of it may have been omitted outright.

"I'm very sorry, Fernando, but I can't publish any more of your work. I beg you not to ask me for explanations. Draw your own conclusion. I'll give you a clue: Your reference to the topic of tourism alone has seriously jeopardized our friend's international campaign. Didn't you consider the fact that everyone knows you were connected with him during the past 6-year term, and that you (as I) are still his friend? Do you know whom they are now identifying as the brains behind your blow to the undersecretary? You come from that sector, Fernando. Didn't you consider it?

"I repeat: I can't give you any explanations. I didn't give you any for inviting you as a contributor, either. I'm very sorry. Are we still friends? Regards. Luis. (signature). P.S. There was no time to inform you at noon today, when you came to the newspaper. My summons last night was unequivocal."

Fernando Marti, in a letter sent to PROCESO, "a mixture of protest and allegations," makes some specific statements: "The blow (all right, prattle) was a gentle, I would almost say innocuous criticism of the frivolity and lack of concern of SECTUR's [Secretariat of Tourism] promotion under secretary, Ezequiel Padilla. Our mutual friend (Marti continues) is Antonio Enriquez Savignac, and his international campaign (on behalf of the World Tourism Organization's general secretariat) is not running the slightest risk, at least on my account. Furthermore, it isn't superfluous to explain that I don't come from the tourism sector, but rather from the press sector."

But the most serious aspect for one who was an UNOMASUNO contributor for 10 years is the new operation to purchase stock shares of Editorial Uno acquired in March by architect Angel Borja, brother of the ICA [Associated Civil Engineers] group's president and former chairman of the financing commission for Carlos Salinas de Gortari's election campaign (PROCESO 646), which have now been purchased by eight members of the newspaper.

Marti declares: "Most of all, the portion that Luis Gutierrez kept for himself seemed too large to me: something like 66 percent of the package. UNOMASUNO has fixed assets of about $4 million, in other words, some 10 billion pesos. Luis Gutierrez has been employed all his life, and his net worth is in keeping with that career: his own home, a couple of cars, and a plot of land at the beach.

"Of course he can't cope, personally, with a loan of billions of pesos that will surely be paid off with the profits generated by the newspaper itself. At best it's a dubious operation, at worst it's probably illegal, and in both instances it's obviously shady. It must be stated plainly: the government gave away UNOMASUNO to Luis Gutierrez."

In the report published in the newspaper on the stockholders' meeting at which Gutierrez was confirmed in the management and named chairman of the Board of Administration there is no explanation as to which national credit association granted the new stockholders the loan with which to purchase 88.9 percent of the stock shares from Borja, nor the proportion of stock shares held by each of the new owners.

* 'Peasant Torch' Orientation Seen as Unclear

32480156b Tuxtla Gutierrez LA VOZ DEL SURESTE in Spanish 26 Apr 89 pp 1, 8

[From "The Binnacle" column]

[Excerpt] Many are wondering about the function of "Peasant Torch" and the purpose for which it was created. Well, "Peasant Torch" is a group which, like CNPA [National Coordinating Board for the Ayala Plan], supposedly came into existence under the aegis of the federal government, behind the scenes, of course, so as to proceed to group around it all the country people who have expressed their dissatisfaction with the traditional initials, essentially those of the National Peasant Confederation (CNC) which, because of anachronism, immobility, and corruption, and what have you, no longer meets the requirements of Mexican peasants. Of course, it was created weak, and the only thing that its leaders, who remain anonymous, have achieved is the further enlargement of the agencies in which an attempt is allegedly made to solve agrarian problems. Is is unknown whether "Peasant Torch" is of the Left, Right, or Center. Based on its origin, one can readily imagine that it practices the pendulum law, one of the serious flaws in the political system which, perhaps because it suits its hegemonic interests, has not decided which line to pursue, though it has harped at us with the refrain of being nationalistic, revolutionary, etc.,and manages only to confuse the people of Mexico even more. The fact is that "Peasant Torch" was created to displace CNC, which has finally not only lost its direction, but also the credibility of its members. We do not know whether the present government will continue to give birth to this "phantom group" which, like CNPA, may in the near future turn into another headache for the state governments which, as in the case of our state, base their economy on agricultural activities, precisely. We shall see, and we shall tell. [passage omitted]

Costa Rica

Arias Proposes Regional Heads of State Meeting

PA2706123889 San Jose Radio Reloj in Spanish 0100 GMT 27 Jun 89

[Text] Costa Rican President Oscar Arias Sanchez has proposed a meeting of heads of state of the OAS member countries, Canada, Spain, and Portugal. The president made the announcement during the opening session of the International Conference on the Search for the True Meaning of Peace. Arias Sanchez said that he has stressed to the leaders of those countries that Latin America is tired of violence and that millions of people in this hemisphere anxiously await an opportunity to free themselves from poverty and to foster development in an atmosphere of democracy and freedom.

In his invitation to the continental heads of state, President Oscar Arias Sanchez suggested an agenda of six topics that he considers decisive for strengthening the political and economic welfare of our societies: democracy, development, disarmament, debt, destruction of forests, and drugs.

He added that on the subject of democracy, we must point out that peace and freedom are only feasible in a system that includes the people's full participation. The president said that the topic of development must be discussed because the just aspirations of our people cannot be met if the countries of this hemisphere are not allowed an adequate rate of growth.

Disarmament will be discussed because our countries understand very well that the heavy financial burden of arming our nations prevents poorer societies from satisfying the basic needs of their people. Arias also believes that it is vital for peace and democracy to reconsider the conditions of our nations' foreign debts, because the debt is one of the most serious if not the worst source of social imbalance. The destruction of forests is an appropriate subject for exchanging viewpoints on the threats posed to our countries by the irreversible damage done to the environment.

El Salvador

Colonel Ponce Says Thieves Attacked Nuns

PA2806032189 San Salvador EL DIARIO LATINO in Spanish 27 Jun 89 p 2

[Text] Colonel Rene Emilio Ponce, chairman of the Armed Forces Joint Chiefs of Staff, has said that preliminary investigations into the attack on the nuns from the Msgr Romero Home reveal that thieves carried out the attack.

"We know that after coming out of a bank in Santa Tecla, the nuns drove toward the Msgr Romero Home in Zaragoza and were followed by unidentified individuals in a pickup," Col Ponce said. He added that investigations reveal the nuns were constantly harassed by the criminals, who tried to force the nuns' car off the road, but the nuns did not stop. "They were then intercepted, and one of the individuals fired at them, wounding one," the colonel said.

The colonel also said the individuals were obviously common criminals, because in the area where the nuns were attacked, on the highway to La Libertad port, there have been 21 assaults, attacks, rapes, and other such crimes so far this year. "There was even an attack on two officers who identified themselves as such and were released. If the attackers had been terrorists, they would have killed the officers," Col Ponce said.

On another subject, the colonel declined to comment on the death of Presidency Minister Rodriguez Porth, saying he did not want to hamper the investigations.

Cristiani Blames Rodriguez Assassination on FMLN

PA2706184489 San Salvador EL DIARIO DE HOY in Spanish 26 Jun 89 pp 11, 69

[Text] President Alfredo Cristiani has said that the massacre at the Central Market, the assassination of [Presidency Minister] Dr Antonio Rodriguez Porth, and other crimes that have shocked the nation over the past few months all bear the imprint of terrorist actions by the FMLN [Farabundo Marti National Liberation Front] and FDR [Revolutionary Democratic Front].

The president made the statements at the close of the congress "for peace, liberty, and life," held at the offices of the General Confederation of Salvadoran Workers, where he described as preposterous the guerrilla groups' charges that the Armed Forces are implicated in the most recent attacks, including the attack on the nuns in Zaragoza, La Libertad.

"These actions are typical of the FMLN-FDR guerrilla groups, many of which are no longer controlled by their own leaders," he said.

He recalled the vile assassination of Dr Rodriguez Porth by groups affiliated with the FMLN-FDR, which their leaders have tried to deny.

Cristiani added that the amendments to the Penal Code and the Penal Procedural Code are a response to the citizens' outcry against crime and that the sole objective of the amendments is to curb the wave of attacks by terrorists and other outlaws.

These laws not only do not affect honest citizens, but protect their lives, work, and property.

The president recalled that tens of thousands of Salvadorans have died and public property, sources of employment, homes, schools, factories, and stores have been destroyed because of attacks by terrorist criminals. Billions of colones have been lost through destruction and fires; yet the authorities have been unable to clamp down on hooded criminals who participate in demonstrations, looting, and terrorist actions against the population.

The president deplored the fact that certain politicians have criticized the amendments without analyzing their contents or suggesting effective alternatives to stop the terrorists' crimes. These people speak out loudly and criticize the government, forgetting that a return to the rule of law will bring immediate benefits not only to them, but to all sectors, he pointed out.

D'Aubuisson on ARENA Unity, Party Appointments

PA2806051389 San Salvador Canal Doce Television in Spanish 0300 GMT 28 Jun 89

[Report by Mauricio Funes on statements by Roberto D'Aubuisson, Nationalist Republican Alliance (ARENA) deputy and founder, on 27 June; place not given—passages within quotations marks recorded]

[Text] ARENA Deputy Roberto D'Aubuisson broke his 2-month silence today to announce that his party is united more than ever before. The ARENA leader said that rumors that he and President Alfredo Cristiani are at odds are mere speculation.

[D'Aubuisson] "These are merely rumors. You give so much credence to rumors. In a certain way, that is very interesting because rumors have led to our consolidation."

Roberto D'Aubuisson gave assurances that there is only one party platform, which was approved at the party assembly. The opposition is responsible for the rumors about an internal struggle within ARENA.

[D'Aubuisson] "What transpires at our meetings is made public. During one of these sessions, when President Cristiani was chosen to be party candidate, he asked that these guidelines be approved. It is recorded in the minutes of that session that President Cristiani is responsible for organizing a cabinet with qualified, honest, and capable people. The party supports his evaluations and presentations. Therefore, there is no reason why there should be such intrigues, such as rumors that there is one party line opposed to another party line. I am so very grateful for Cristiani's diligence in selecting cabinet members. I am proud of having worked with him, and I note that President Cristiani has been very diligent and capable in handling this issue."

Regarding the FMLN's [Farabundo Marti National Liberation Front] military actions, Major D'Aubuisson warned that there was a possibility of a rift within the guerrilla movement and that the lower echelons are starting to act independently from the General Command and the decisions it hands down.

[D'Aubuisson] "In fact, the FMLN has no international support. No one is supporting any movements that attempt to seize power through violence. Those who are at the middle or lower levels of the FMLN have been used; they have been taken to the slaughterhouse, so to speak. Now those who are smart realize that there is an attempt to do what the FDR [Revolutionary Democratic Front] used to do; the FDR now calls itself the Democratic Convergence. They have moved ahead and joined the political process, and now they live in peace. Now the FMLN is thinking that this is what the FMLN will end up doing. Now, the unfortunate ones—who have been caught in the middle, who have been cannon fodder, who have been treated as vulgar terrorists and vulgar assassins, and who might even have problems with their own families because of their activities—are the ones calling the shots. That is what we believe.

"We want to believe that they are calling the shots and taking personal actions against the FMLN leadership. Perhaps this is the main strategy. Personally, I do not believe that this is the right strategy, to follow orders from Sandinists commandos [words indistinct]."

D'Aubuisson denied the existence of an antiterrorist law, which was disclosed by the Christian Democratic Party's [PDC] national directorate. He said that the reforms proposed by the government were announced by President Cristiani during the election campaign.

[D'Aubuisson] "However, what [PDC party leader] Dr Chavez Mena has done by saying that the antiterrorist law was drafted solely by ARENA is similar to the lie he tried to make us believe when he said that Spain had granted him another decoration. Poor Fidel Chavez Mena; he is a compulsive liar."

D'Aubuisson also confirmed that seven leaders of the National Executive Council—the top organization within his party—were removed. He said that Colonels Sigifredo Ochoa Perez and Carlos Humberto Figueroa, as well as leaders (Mauricio Gonzalez Pidillaga), Francisco Guerrero, the late Dr Antonio Rodriguez Porth, and high-ranking officials Alfredo Cristiani and Francisco Merino will be replaced with new leaders within the next few days.

Guatemala

President Reveals Two Assassination 'Attempts'

PA2706233289 Panama City ACAN in Spanish 2205 GMT 27 Jun 89

[Text] Guatemala City, 27 Jun (ACAN-EFE)—Today, Guatemalan President Vinicio Cerezo revealed that there have been two attempts to murder him since he assumed the Presidency on 14 January 1986.

Cerezo, who avoided giving details about the two attempts, stated that "there is specific information" about an alleged plan to murder him. He added, however, that no one can be arrested without evidence.

Cerezo asserted that he withdrew last week to Santo Tomas farm, approximately 43 km south of Guatemala City, to think, study Guatemala's problems, and rest.

Cerezo said he also retreated to his farm to give his security officials an opportunity to reschedule activities and change methods to increase their protection without affecting the population or the relationship between the president and the people.

Answering questions about the summoning of four civilians who were linked to one of the plans to murder him, Cerezo said they were summoned by the police to provide information on the alleged plan.

The second plan was revealed early this month by Hugo Arce, a columnist of the Guatemalan opposition newspaper EL GRAFICO, who asserted the murder was going to be carried out by a Libyan commando unit that had entered Guatemala in December 1988 and that had been trained in Cuba.

Cerezo said that Arce must tell everything he knows, because otherwise "he would be concealing the plan, which is a crime."

Other civilians who will also be summoned by the Attorney General's Office are Mario David Garcia and Nicolas Buonafina, both suspected of involvement in the attempted coup of May 1988, and Juan Maegli.

President Cerezo said he trusts his security forces and it is very easy to display a large-scale protection system, but "that is neither my style nor my assistants' style," Cerezo stressed.

Cerezo added that the state has security mechanisms to determine whether strange things are happening in the country but those mechanisms cannot always be used as evidence to arrest a person.

Cerezo did not provide information on the first alleged plan to murder him.

* Peten Department Suffers Deforestation

32480149c Guatemala City PRENSA LIBRE in Spanish 13 May 89 p 8

[Text] The Committee for the Defense of the Interests of the People of Peten Department (COPRODEIP) called on President Cerezo on 12 May to stop the deforestation in that northern department, as the forests are on the point of being completely destroyed.

The committee pointed out that deforestation is moving forward with accelerating speed in the various areas of the department, because even tenant farmers have settled in large areas of the country north of the 17th parallel of latitude, which was always considered a reserve forest area.

It pointed out that year after year, large areas of forest are cut down for the production of livestock, apart from the forest areas cleared to grow corn and controlled deforestation. COPRODEIP emphasized that many areas which were previously zones for the production of chicle and other forest products are now being turned into fields for livestock.

The committee blamed this problem on the previous authorities of the department, who never knew how to control human settlement and were not concerned about planning production areas in the Department of Peten.

It emphasized that, in accordance with studies and research carried out by specialists in bioecological affairs, Peten Department has been deforested in the following way: by 1975 some 20 percent of the territory had been deforested; by 1980, 30 percent; by 1985, 38 percent; and in 1989, 60 percent.

At the moment, it pointed out, only a small portion of the northern area remains in forest. If an immediate control program is not started, the remaining forest will be cut down in the next 5 years.

COPRODEIP proposes that the cutting of trees should be appropriately supervised and controlled; that human settlement should be planned in advance; that more national parks should be established; that cutting down forests for cattle grazing and for the production of corn in the extreme northern part of the country should be prohibited; and that permanent watch systems should be set up to prevent clandestine deforestation.

Honduras

* U.S. Target of May Day Oratory, Rally

32480153a Tegucigalpa LA TRIBUNA in Spanish 2 May 89 p 10

[Text] U.S. interference in Honduras' internal problems and the government's docile acceptance of American policy were the salient themes of the proclamation issued by the United Federation of Honduran Workers (FUTH) at its rally in this capital yesterday.

The federation also bitterly condemned the factors that have placed the country in one of the most severe economic crises, and proposed a series of measures to help workers deal with the chaos.

The ranks at the FUTH march were swelled by its strongest organizations, including SITRAUNAH, STENEE, SITRASANAA, STIBYS, and SITRAPANI [expansions unknown], as well as the popular grass roots organizations, the Popular Organizations Coordinating Committee (CCOP), the COFADEH [expansion unknown], the Francisco Morazan Patriotic Committee, and the Christian Democratic Youth of Honduras.

Of the three labor federations, the FUTH was the last to leave the Obelisk Park, and from the first moment all of its organizations began shouting protest slogans against the abuse and atrocities of management.

As had been announced, the FUTH split off from the other two workers' federations when they reached the Mallol Bridge, and instead of gathering at the Central Park it headed for Herrera Park, following the streets of the popular markets.

On a temporary platform built across from the Manuel Bonilla National Theater, the labor leaders began their speeches while the rank and file burned U.S. flags, a model of the U.S. military base at Palmerola, and a coffin symbolizing the international credit banks such as AID [Agency for International Development], the IMF, and the World Bank.

The official proclamation of the FUTH states that the country's serious economic problems will not be resolved with simple monetary maneuvers, or by devaluing or overvaluing. Nor will they be solved with parallel markets, or recipes concocted by the IMF, much less the "New Economic Models devised by the transnationalized technocracy that advises the Honduran Council for Private Enterprise (COHEP)."

"It is time," says the proclamation, "to design a short-term economic policy to deal with the immediate aspects of the crisis as part of a long-term strategy to eliminate the underlying causes of backwardness and dependence, poverty and corruption."

In another paragraph, the document states that "in a strategy of war and intervention promoted by the United States, it is necessary to emphasize that no effort at economic development can bear fruit if it is not in a context of peace and respect for the self-determination of peoples."

"For this reason," stresses the FUTH, "we wholeheartedly support the commitment represented by Esquipulas II, the Costa del Sol agreements, and the proposals of San Jose V."

In addition, the Foreign Ministry was criticized by the demonstrators for hindering the implementation of the aforementioned agreements and thus the demobilization of the Nicaraguan Resistance in Honduras.

"The Liberal government of Mr Azcona has thus become the most docile tool of American policy in Central America, betraying the purposes it set for itself when it signed earlier agreements. It has shamed Honduras in the eyes of the world. Our leaders give the unfortunate impression of being putty in the hands of American diplomats," declares the FUTH.

The federation's demands include the reduction of military spending, the elimination of excess personnel in the Public Administration and decentralized enterprises, and efforts to combat urban squatting, excess spending, waste, and corruption.

Photo Caption

1. p 10 The demonstrators burned several U.S. flags and a coffin that supposedly contained the remains of the IMF and other international financial organizations. [photo not reproduced]

* Reportage on Economist Rosenthal's Views

* Industrial Summit Address

32480153b Tegucigalpa EL HERALDO in Spanish 25 Apr 89 p 41

[Text] San Pedro Sula—"We must be realistic and realize that the five small Central American markets cannot develop if they do not manage to merge into a real, genuine whole," stated Presidential Designate Jaime Rosenthal Oliva here yesterday at the opening ceremonies of the Central American Industrial Summit.

He added that it is necessary to understand that small, protected markets in an area where a large number of inefficient industries have proliferated, "without the capacity to generate investment resources, without the capacity for a real value added, without the capacity for integration, cannot continue to exist, if we are talking about a Central America that is capable of competing on a world market."

He noted that to gain access to the world market, it is necessary to have productive capacity first so that the domestic market can be supplied competitively; no one has ever seen an industry develop solely for export. "Industries develop for the domestic market, so that they can learn from their mistakes, become more efficient and more productive, and then compete on the major world markets," he emphasized.

Rosenthal Oliva recalled that for a while it was believed in Central America that economic integration had been a failure, but what failed was not the concept of economic integration. Rather, it was the techniques and tactics "employed to develop that economic integration" that failed.

According to the presidential designate, the way the industrial sectors of the Central American countries, lacking in experience and know-how, established an industry on the basis of protectionist barriers and domestic tax exemptions (especially customs exemptions) gave rise to an inefficient industry that was ill-equipped to compete on international markets.

He went on to say that the "whiplashes" we received in the previous integration process "will help us undertake a true analysis and realize that we must integrate the Central American economies. In the new integration plan, first the financial systems, the tax laws, and the monetary laws must be integrated, taking into account the various governments' involvement in costs and inputs, on the basis of the enormous distortions that are introduced in our economic system through legislation and government regulation."

The Honduran businessman stated that the countries of the European Economic Community (EEC) are predicating their economic aid programs for Central America on the "revival of integration," and the aid we need so badly will not be forthcoming if we really "do not manage to establish an integration program that helps all countries."

Economic integration, at the same time, can serve to make our governments more efficient, improve our relations with the people, bring about a more functional democracy, and roll back the process of "security" spending that has cut so severely into our economic development, stated Rosenthal.

Rosenthal, who served as economic adviser to President Jose Azcona, indicated that the pact signed between President George Bush and the U.S. Congress speaks of resuming economic and financial assistance from that nation to all the countries in Central America, and it "does not fail to mention in one of its paragraphs that this assistance is based on the integration of the Central American countries."

The businessman explained that he does not believe that Central American integration or the coordination of markets and capital ventures will happen overnight, but discussions must begin and must be conducted openly, with a completely open mind, in order to grasp the reality of Central America.

In addition, the official indicated that integration cannot take place on the basis of pitting private sector industries against public sector industries. In such a competition, the privately held firms are much more efficient, and they will end up "eating alive" their public sector counterparts.

Finally, the presidential designate, after congratulating the delegations, expressed "the hope that we will finally be able to see specific documents that can be digested by our leaders in the governments and understood by all, documents that will form the foundation of the wide-ranging discussion that we need to 'revive' the economic development of Central America, which is the ultimate goal of businessmen, workers, governments, and peasants for the benefit of all social classes."

* Capital Levy Recommended

32480153b Tegucigalpa EL HERALDO in Spanish
25 Apr 89 p 42

[Text] San Pedro Sula—Presidential Designate Jaime Rosenthal Oliva confirmed yesterday that he will support the candidacy of Carlos Flores Facusse to represent the Liberal Party, because he is an active member of that political institution.

In addition, referring to the country's economy, he said that in Honduras it is the middle class that saves, and that many businessmen take their money out of the country and deposit it in other nations' banks.

He suggested in this regard that negotiations be undertaken with the U.S. Government to levy taxes on those who have deposits in U.S. banks so that the funds can be repatriated. "This should be done through practical measures, not by decree," he emphasized.

He also said that National Party presidential candidate Rafael Leonardo Callejas does not have the moral authority to make negative comments about the Liberal governments to the effect that they are to blame for the bankruptcies of the National Corporation for Investment (CONADIN), the CORFINO [expansion unknown], and other institutions founded by the last government of General Oswaldo Lopez Arellano.

The presidential designate advocated that Honduras renegotiate its international economic obligations and "not pay" if it did not receive favorable conditions.

"We must promote the structural adjustments that the country's economy needs, and after they have been made, we should go to the International Monetary Fund and the World Bank in a completely different position," he recommended.

* Cohdefor Reviews Deforestation Problem

32480153c San Pedro Sula TIEMPO in Spanish
8 May 89 p 36

[Text] Tegucigalpa—"Reforestation can never be considered an economic effort by the government," stated Jose Segovia Inestroza, manager of the Honduran Corporation for Forest Development (Cohdefor), last Thursday.

The president of the Republic, Jose Azcona Hoyo, and the Cohdefor manager last Thursday night invited representatives of international agencies in this country, along with high-ranking officials of the central government, to a Meeting to Analyze Forestry Development Policies in the Short- and Long-Term.

Segovia Inestroza discussed the "critical" situation that exists in the country's forestry sector.

He stated that the natural regeneration of the well managed pine forest outpaces the soil's capacity, and pointed out that artificial, man-made reforestation will take place only to the extent that it is economical for the community or for industry.

He explained that many artificial reforestation projects promoted by the government have been a failure because the above-mentioned aspects have not been taken into consideration.

The Cohdefor manager stated that throughout the national territory, in just 20 years nearly 2 million hectares of forest were destroyed, including 350,000 hectares of pine forest and 1.4 million hectares of broad-leaf, hardwood, or precious wood forests. These figures represent 13 percent of the total pine forest and 35 percent of the broad-leaf forest.

The primary causes indicated by the Cohdefor manager include migratory agriculture, the use of wood as a fuel for cooking food, and excessive timber cutting.

He noted that each year some 7 million cubic meters of wood is used in this country for this purpose. He stated that at the beginning of the decade more than 1 million cubic meters of timber was cut each year.

He pointed out that about 36,000 refugees in Honduras have destroyed nearly 90,000 cubic meters of timber.

As for the marketing of lumber, Segovia Inestroza reported that under Decree 103, the Cohdefor has invested in and promoted a whole commercial network that required huge outlays of money, resulted in losses amounting to millions of lempiras, and encouraged corruption.

He said that this policy has been changed, and that at present the Cohdefor is focusing on limiting state intervention to the only area that he feels is appropriate in this case: the assessment and sale of natural forestry resources, stimulating the forces of the economy and of the processing industry.

The official said that thanks to these measures, in the last 3 years exports of secondary products have risen by more than 28 percent a year, and that in contrast, exports of lumber have fallen.

As for the privatization of some forestry enterprises, Segovia Inestroza indicated that they can be more profitable.

He said that in the industrial field perhaps nothing has been more damaging to forestry resources than the policy of the state enterprises; in just 5 years investments of more than 81 million lempiras were made, doubling the installed capacity of the industry.

As for the case of the CORFINO [expansion unknown], the Cohdefor manager stated that the Inter-American Development Bank (IDB) shares the blame for this failed project.

He noted that in just 5 years of operations, the CORFINO yielded losses estimated at more than 100 million lempiras.

In 8 years of operations, the FIAFSA [expansion unknown] racked up losses amounting to 28 million lempiras, and the same is true of other forestry enterprises.

In conclusion, Segovia Inestroza proposed that Decree 103 be revised, that more guarantees be provided for business owners, that the value of forestry resources be distributed more equitably between the state and those who care for the resources, and that legislation that has been interpreted in ways destructive to the forests be reformed.

* Reportage on Land Seizure Problem

* ANACH Blames INA

32480154 San Pedro Sula TIEMPO in Spanish
3 May 89 p 8

[Text] San Pedro Sula—Of the 400 groups that have applied to the INA [National Agrarian Institute] for land, some 300 tenant farmer groups of the various organizations affiliated with the COCOCH [Council for zCoordination of Honduran Tenant Farmer Organizations] share in the land seizure action ordered by COCOCH in effect from 1 May, Francisco Vasquez, financial secretary of the ANACH [National Association of Honduran Tenant Farmers], said yesterday.

Vasquez indicated that agreement was reached in this regard at a meeting of all the organizations on 14 April in the urban community of Valle de Angeles, and after an extensive analysis of the status of lands that the tenant farmer groups in the different departments of the country long ago filed applications for, on which the INA, however, for reasons unknown, has failed to act.

Vasquez also indicated that the groups participating in the action include the ANACH, UNC [National Union of Tenant Farmers], FECORAH [Federation of Honduran Agrarian Reform Cooperatives], CNTC, ACAN, FCH, OCH, ALCONH, CENACH, ACADEF [expansions unknown], and others. Action includes the massive occupation of lands totaling approximately 20,000 hectares in the departments of Francisco Morazan, Cortes, Yoro, Choluteca, El Paraiso, Olancho, Comayagua, Lempira, Intibuca, La Paz, Colon, and Santa Barbara.

In another regard, the ANACH official branded as false the rumor being circulated alleging that COCOCH agreed with the Emergency Decree on production of basic commodity food grains. Actually, said Vasquez, what occurred was that COCOCH, with legal assistance from lawyer Gautama Fonseca, addressed a number of comments on FENACH's [expansion unknown] proposed bill and delivered them to the president of the National Congress, Carlos Orbin Montoya.

He said that several deputies belonging to the different political parties have promised to back the tenant farmers' views and to see to it that the mentioned decree is passed in the exact form submitted by the farmers.

Nevertheless, Vasquez said, ANACH insists that laws alone will not increase the production of commodity grains, and that what is needed is a practical system of incentives.

He stated that Montoya's intention in seeking to impose his version of the decree is to behead and bury the Agrarian Reform Law, and that to do so would be ill-fated, because it would create a rural crisis and upheaval.

* INA Promises Reprisals

32480154 San Pedro Sula TIEMPO in Spanish
3 May 89 p 8

[Text] Tegucigalpa—The leaders of the tenant farmers organizations would have agrarian reform consist of the acquiring of more and more land by the tenant farmers, but not increasing production on the land they already have, said Raul Flores Gomez, executive director of the INA [National Agrarian Institute].

Flores Gomez was referring to the call made by COCOCH [Council for Coordination of Honduran Tenant Farmer Organizations] to begin a massive seizure of privately owned lands on a nationwide basis.

Lawyer Flores Gomez met yesterday with President Jose Azcona Hoyo and later said that the farmers will be dislodged from the lands they seize "because such seizures are illegal, and our system is one of law."

The quantities of land being demanded by the farmers' leaders, he added, are excessive, because the farmers are unable to make even the land they already have produce: Last year alone, between 80,000 and 90,000 hectares were turned over to them.

"We have asked the tenant farmers organizations to submit their production plans to us, by region, but have received no response whatever, except in the case of Valle de Jamastran. Not a word has come from the farmers' leadership that could be construed as a moral commitment as to how much is to be produced in this or that part of the country, or on which we can base any expectation that, between now and September or December, products will be more plentiful and cheaper," he said.

He pointed out that some farmers, like some government workers, are lazy, because "it takes all sorts to make a world." They have sufficient land and available credit to enable them to produce, and they're not producing.

* Seizures Condemned

32480154 San Pedro Sula TIEMPO in Spanish
3 May 89 p 6

[Editorial: "Land Seizures Are an Invitation to Violence"]

[Text] Twenty thousand manzanas of land is the objective of the seizure action proclaimed by the COCOCH [Council for Coordination of Honduran Tenant Farmer Organizations], which began 1 May as part of the International Labor Day celebration.

According to statements by the agrarian leaders, 5,000 families which, they say, "were tired of waiting for the INA [National Agrarian Institute] to resolve their urgent needs," are now taking part in this latest escalation of the usurpation of privately owned land.

This type of land seizure has always taken place around this time of year—the period of soil preparation for the planting of the first season's crops. But this time it is clearly more extensive, both geographically and as regards the goal that has been set.

This is owing mainly to political reasons, in that during an election year the agrarian leaders feel more certain that the authorities—also for political reasons—will be more reluctant to dislodge the usurpers.

Nevertheless, the situation the country finds itself in is not conducive to adopting a soft attitude towards invasions of private property such as these, because it would offer an easy way to be followed in other fields by the desperately unemployed and hungry masses.

In addition to this, it is well known that such seizures of land have been the factor that has most discouraged the production of commodity grains in Honduras, because no one with an ounce of common sense dares plant cereals and other products on lands not protected by "agrarian nonseizability."

Recently, the National Congress has been considering enactment of an emergency decree providing an incentive to production of commodity grains, which will probably be passed sometime next week. Among the measures being contemplated in this decree is the granting of temporary "nonseizability" to land devoted to the growing of commodity grains.

At one point, the tenant farmer organizations expressed their opposition to this emergency law, arguing that it contravenes the agrarian reform process, and fails to adequately consider—also for political reasons—the profound need, on the part of the poor, for these commodities, which are basic to their daily diet. It is our understanding that they subsequently modified somewhat their position of unyielding rejection, although if this is indeed so, it must still be viewed with all due circumspection.

We say this because pressing forward with this COCOCH-instigated massive usurpation of land at the very moment when the Legislative Assembly is preparing to enact the reference decree imparts to these ongoing land seizures the nature of a dual signal.

The first signal is that the penchant on the part of the farmers for acting outside the law continues unchecked, and the second is that the seizures are being advanced with the intent of preempting legislative action and stripping of any real effectiveness the emergency measures aimed at stimulating the production of commodity grains.

It seems to us that, in view of this situation, the authorities are duty-bound to act energetically. Otherwise, this year will be an even more socially unstable one, not only in terms of the disorder implicit in de facto proceedings but also because the food shortage will worsen as prices of these vital staples rise dramatically.

We are nevertheless pessimistic in this regard. Not long ago, we heard the president of the Republic state over the air waves, in regard to the INPREMA [expansion unknown] problem, that the finding of illegality with respect to that strike by the STRAINPREMA [expansion unknown] was out of order because on other occasions the teachers as well had proceeded without having fulfilled the legal requirements.

Such pretexts provide an open invitation to violence and pressure tactics.

* FENAGH Cites Negative Effects

32480154 San Pedro Sula TIEMPO in Spanish 28 Apr 89 p 5

[Text] Tegucigalpa—FENAGH [National Federation of Farmers and Cattlemen of Honduras] yesterday accused Jose Azcona's Administration and the military of viewing with indifference the "invasions" of landed properties in the interior of the country, despite the diminution of agricultural production that is bound to result from these seizures, requiring the importation of grain in massive quantities.

Roberto Gallardo, president of FENAGH, said, "We are extremely worried about the situation that is looming in the agricultural sector" owing to the tenant farmer "invasions."

He stated that "massive invasions" have taken place in the Azacualpa zone in the department of Santa Barbara, in Yoro, and in Olancho.

"We believe this situation is going to deteriorate little by little as it gathers momentum," said Gallardo, indicating that the land seizures by the "tenant farmers" have been reported to the INA [National Agrarian Institute] authorities and to the military.

"But as of this very moment, strong action in accordance with the law has not been taken," said Gallardo.

He stated that in the case of Santa Barbara, where the seizures have been "most detrimental," the tenant farmers have even taken possession of the living quarters of the workers on the occupied farms.

He said the farmhands had been evicted by the farms' "invaders."

He said further that in the case of Santa Barbara the tenant farmers are being aided by a local priest whose name he did not reveal.

He warned that "This year we have imported basic grains, but if the invasion situation continues and the emergency bill on basic commodity grains that is so much talked about is not enacted, we will be importing in the future not 8 million lempiras but rather 20 or 25 million lempiras of basic grains."

He further stated that the shortage of these commodities in this country would undoubtedly generate an upheaval.

He asserted that the indifference being shown by the government authorities and the military toward this situation conflicts with the efforts being deployed by the Ministry of Natural Resources to encourage the planting of corn by importing massive quantities of fertilizers and providing technical assistance.

The FENAGH official further stated that without assurances that there will be no "invasions" there can be no large-scale domestic production of basic grains.

He urged early passing of the emergency law on the production of basic grains, since otherwise, this year or next, the price of the basic unit of beans will again be 10 lempiras.

Nicaragua

Reportage on Desertions of Sandinist Officers

Government Investigates Desertions

PA2706142189 Panama City ACAN in Spanish 1254 GMT 27 Jun 89

[Text] San Jose, 27 Jun (ACAN-EFE)—Nicaraguan Army Lieutenant Doryan Alvarado Perez, who deserted on Monday [26 June] and fled to Costa Rica, became the third Sandinist officer to turn himself in to the Costa Rican authorities in less than a week, it was reported by official sources in San Jose.

Last Friday, Douglas Zuniga Salazar and Walter Zuniga Salazar, a major and a lieutenant, respectively of Nicaraguan Army intelligence, fled to Costa Rica with other relatives.

Alvarado, a 24-year-old company lieutenant in the 4th Military Region—a territory that comprises the southern Nicaraguan departments up to the Costa Rican border—was a member of the same unit as the Zuniga brothers.

The military officer entered the country through San Dimas, approximately 5 km west of the Penas Blancas border post. There he turned himself in to the local police.

Following his interrogation by authorities at the border zone, it was ascertained that Alvarado entered Costa Rican territory while participating in physical training exercises; he was dressed in fatigues but was not armed.

This officer, as well as the other deserters, is currently under the jurisdiction of the Intelligence and Security Directorate (DIS) which is conducting the appropriate investigations, and they have had no contacts with the press.

So far, no official reaction from the Nicaraguan Government has been received in Costa Rica. During the weekend, the Nicaraguan Government simply announced that it was investigating the escape of two of its military officers.

Two other Nicaraguan Armed Forces members deserted approximately 2 months ago and requested political asylum in Costa Rica because they were being persecuted by the Nicaraguan authorities.

EPS Lieutenant Deserts

PA2706210889 Managua Radio Sandino in Spanish 2018 GMT 27 Jun 89

[Text] San Jose, Costa Rica—According to Costa Rican authorities, Doryan Otoniel Alvarado, who is presumed to be a Sandinist People's Army [EPS] lieutenant, has deserted.

An official report states that Alvarado crossed the border at San Dimas, 5 km from the Penas Blancas border post. It adds that Alvarado immediately turned over his weapons and showed documents indicating he has been an EPS lieutenant for the past several years.

Alleged Spy Defects to Honduras

PA2706223989 Panama City ACAN in Spanish 2128 GMT 27 Jun 89

[Text] Tegucigalpa, 27 Jun (ACAN-EFE)—An alleged Sandinist officer who claims to have carried out espionage activities against the Honduran Armed Forces and Government turned himself over to Honduran military authorities today.

The individual identified himself as Captain Adan Solorzano Martinez. He said he had been trained in Cuba in 1980 and said he was in Honduras on an espionage mission with two other members of the Sandinist Army, whom he did not identify.

Solorzano called together a group of newsmen in the city of San Pedro Sula, in northern Honduras, and he turned himself over to the military authorities in the reporters' presence.

The officer declined to give details about "delicate matters" about which he will brief the Honduran Armed Forces. He said they concern his activities in this country since May.

The defector said he arrived in Honduras in August 1988 with an identification card from the Honduran National Registry of Persons identifying him as a Honduran from Comayagua, in the central part of the country.

He told the press he has been a Sandinist since 1974 and had been an urban guerrilla leader during the struggle against the Somozist regime in Nicaragua.

He said the de facto government and the continued retention of power by the Sandinists forced him to defect. He added that groups of Sandinists have been infiltrated into Tegucigalpa, San Pedro Sula, and other parts of Honduras to cause social destabilization.

He explained that among other activities, their mission was to kill leaders of mass organizations and then attribute the deaths to the Honduran Armed Forces, thereby fomenting social destabilization in the country.

He added that his contacts were outside the country and that he received $2,500 a month to carry out his activities in Honduras.

The defector said Sandinist officers direct the guerrillas in El Salvador and that the assassination in February of General Gustavo Alvarez Martinez, former commander of the Honduran Armed Forces, was plotted in Managua.

The defector said Alvarez had always been in the Sandinists' sights because he was the main promoter of the contras (Nicaraguan armed opposition).

Solorzano said Nicaraguan Foreign Minister Miguel D'Escoto has many "delicate things" to say against Honduras and Costa Rica. [as received]

Defector on Assassination Plan

PA2706231489 Panama City ACAN in Spanish 2213 GMT 27 Jun 89

[Text] Tegucigalpa, 27 Jun (ACAN-EFE)—Orlando Solorzano, an alleged Sandinist officer who turned himself in today in Honduras, revealed that his mission in this country was to assassinate President Jose Azcona Hoyo, Tegucigalpa Archbishop Hector Enrique Santos, and presidential candidates Carlos Flores and Rafael Callejas.

Solorzano turned himself over to Honduran authorities today. He said he gave up on the plan to kill Azcona because the president is always accompanied by bodyguards, unlike Msgrs Santos, Flores, and Callejas, who, he claimed, were being watched.

The defector accused the Nicaraguan Embassy in Tegucigalpa of advising local subversive groups that are to participate in a destablization plan by carrying out "terrorist" activities.

EPS Claims Responsibility for Death of Contras

PA2706152989 Panama City ACAN in Spanish 1425 GMT 27 Jun 89

[Text] Managua, 27 Jun (ACAN-EFE)—Government sources announced today that the Sandinist Army killed six contras, including a rebel leader, during clashes in central Nicaragua.

The six anti-Sandinists were killed 4 days ago when they launched an attack on military positions in the El Carmen, Chontales in central Nicaragua, according to the same source.

The Sandinist troops seized from the contras several rifles, one grenade launcher, one communications radio, one pair of binoculars, five blankets, one dynamite detonation cable, bags of marijuana, and military action plans.

Defense Ministry Reports Contra Attacks

PA2706124089 Managua Radio Sandino in Spanish 1930 GMT 26 Jun 89

[Bulletin released by the Defense Ministry's Public Relations Directorate in Managua on 26 June]

[Text] On 23 June, a group of counterrevolutionaries attacked our troops in a place known as El Prisionero, located northwest of Pantasma, Jinotega Department. As a result, two mercenaries were killed and two AK-47 rifles were confiscated.

On 24 June, the contras attacked our troops in a place known as (Los Chopos), located northwest of Presillitas, in the southern Atlantic coast autonomous region. As a result, one comrade was killed. The comrade's name was Felix Ramon Alvarez. On the same day, the contras attacked our troops in a place known as El Cacao, located northwest of Presillitas, in the southern Atlantic coast autonomous region. As a result, one comrade was killed. On that day, the contras ambushed our troops in Canta Gallo Hill, located northeast of Matiguas, Matagalpa Department. As a result, one comrade was killed.

On 21 June, a group of mercenaries kidnapped two civilians and raped a peasant woman in Tatumbla Hill, located southwest of El Rama, in the southern Atlantic coast autonomous region. On 24 June, the contras murdered the two kidnapped peasants. The peasants, who were murdered, were Armando Manzanares and Sebastian Duarte. The name of the raped peasant woman is Salvadora Duarte, who is 17 years old. On 23 June, the contras kidnapped 20 civilians near (Chilambe) Hill, located southeast of (Juri), Jinotega Department. On that same day, the contras kidnapped three civilians in the place known as Rio El Cacao, located west of (La Pinuela), in the southern Atlantic coast autonomous region.

On 24 June, the contras kidnapped four civilians in a place known as Capilla San Juan, located northwest of El Tortuguero, in the southern Atlantic coast autonomous region. They stole seven cows and six oxen. The names of the civilians who were kidnapped are Pedro Perez Obregon, Trinidad Perez, Negra Perez, and Bernardo Escobar.

On 25 June, the contras injured peasant Francisco Romero, who fought off his kidnappers in a place known as Buenaventura, located north of Boaco, Boaco Department.

Managua, 26 June 1989

Public Relations Directorate, Defense Ministry

Wheelock Warns COSEP Against Plotting

PA2706163889 Managua EL NUEVO DIARIO in Spanish 25 Jun 89 pp 1, 8

[Quotation marks as published]

[Text] On Saturday, Revolution Commander Jaime Wheelock, minister of agricultural development and agrarian reform (MIDINRA), stated that the Higher Council of Private Enterprise (COSEP) has never been a participant in the national economic effort and warned that properties owned by private businessmen who plot against or confront the revolution will be given to peasants who demand land.

Wheelock met with approximately 700 leaders of more than 500 farming cooperatives of the 2d Region at Miguel Angel Ortez Institute in El Viejo, Chinandega. He noted that the government will continue its economic efforts and will respect the properties of patriotic businessmen.

Wheelock asked: Why did the COSEP clique not invite patriotic producers and UNAG [National Union of Farmers and Cattlemen] leaders to a meeting they held in Matagalpa last week?

Because they were not going to analyze the coffee problem, but plan the ouster of the revolutionary government, Wheelock answered, adding: Those who called for an uprising are the same ones who participated in drafting the blue-and-white counterrevolutionary plan."

He further stated that when COSEP members and the Somozist guardsmen's newspaper [referring to LA PRENSA] suggest a revision of the agrarian reform, they are advocating the dissolution of the cooperative movement and the state ownership system so that land can be returned to the Somozists.

They Keep Conspiring Against the Government

Wheelock continued: The revolution has allowed them to speak; it has made concessions to them and invites them to meetings. However, they are plotting against the government and want to use associations of small, medium, and large producers to overthrow the government.

Consequently, he warned, those who use farming associations against the revolution will get an answer.

He also noted that, protected by the laws of the Republic prescribed in the Constitution, "we must recover the land that is in the hands of irresponsible individuals."

Legalization of peasant property and land delivery were among the problems discussed in the meeting with Wheelock.

State Property Should Not Be Further Divided

To this he responded that this demand for land will be met, however, state property should not be further divided and land must not be taken away from peasants who have already received it. Therefore, this problem will be solved with property taken from reactionary landowners.

Prior to Wheelock's statements, cooperative leaders of the 2d Region explained to the minister the grave situation they are facing: banks have not granted any financing for this year's harvest, producers lack farm machinery, cattle are being stolen, and drought is affecting certain sectors in the region.

Wheelock replied that the basic problem is the economic situation that the country is facing and that banks cannot give what they do not have, therefore, restrictions have been placed on loans.

National Opposition Unity Announces Formation

PA2706215889 Managua Radio Corporacion in Spanish 2300 GMT 26 Jun 89

[Text] The National Opposition Unity [UNO] held a news conference this morning to formally announce the establishment of this political alliance, which seeks to defeat the Sandinist National Liberation Front in the February 1990 elections. Mauricio Diaz Davila, secretary general of the Popular Social Christian Party, denied there is a centrist bloc outside of UNO. The center is inside this alliance, Diaz Davila emphasized.

Adan Fletes of the Social Christian Party said UNO's government plan has yet to be approved and that the blue-and-white [colors of the Nicaraguan flag] plan is only a document under study. Here is part of the news conference:

[Begin unidentified speaker recording] UNO has invited you to this news conference to announce the decision adopted by the assembly of UNO delegates to form this opposition alliance. On 20 June, we adopted our internal regulations, which include the following important commitments:

The UNO political parties are committed to a single platform for a national salvation government; single candidates for president and vice president, National Assembly, mayors and municipal councilmen, Central American parliament, and for all electoral organizations; and single resolutions on the basic tasks to be undertaken for a common struggle.

UNO has been structured to include a national assembly of delegates and six national working commissions. They are the electoral, organization, finance, international regulations, legal, and communications commissions. The chairman of each commission, except the electoral commission, will become the UNO coordinating executive committee. The chairmen are Dr Alberto Saborio, Guillermo Potoy, Gustavo Tablada, Wilfredo Navarro, and Dr Luis Humberto Guzman. The UNO coordinating executive committee will hold office for 2 months, after which time a new executive committee will be elected to allow the participation of all the political groups that compose UNO. [end recording]

Panama

Solis Palma Discusses Political Situation

PA2806025389 Panama City Televisora Nacional in Spanish 2348 GMT 27 Jun 89

[Report by unidentified announcer on news conference by Manuel Solis Palma, minister in charge of the Presidency, with unidentified reporters in Panama City on 27 June—passages within quotation marks recorded]

[Text] [Announcer] Manuel Solis Palma, minister in charge of the Presidency, met early this morning with the new officials of the Education Ministry and other high-ranking officials to reiterate his trust and hopes that the quality of education will be strengthened through production and efficiency in the administration of education. In the presence of Education Minister Juan Bosco Bernal and Deputy Education Minister Maritza Herrera, President Solis Palma asked for rectification of some errors that have been made, ranging from corrupt and inefficient administration to irresponsible employees. All of this, President Solis Palma said, calls for rectification and unyielding determination of the change we must make. We are facing a new challenge that calls for new demands, and we must cope with this new challenge, he said, obviously referring to a change in the image of the government to give continuity to the process of national liberation.

On the other hand, the president said he does not believe in the decentralization of the provincial directorates of education, because there is no creativity in handling education and because it has many disadvantages for the educational system.

After visiting the Education Ministry this morning, Minister in Charge of the Presidency Manuel Solis Palma was asked questions by reporters about several important topics concerning the national situation. When asked about the extension of the Legislative Assembly period, President Solis Palma said:

[Solis Palma] "First, the Assembly has pending two draft laws on education in addition to the family code. It also has pending the consumer protection law and the administrative career law. In other words, there are many laws pending. Naturally, the extraordinary sessions could not cover the discussion of all these laws. That is why we do not know yet if we will call for extraordinary sessions of the Legislative Assembly. This all depends on a meeting we will hold sometime either today or tomorrow to determine if this will be done and, if so, which one of these laws will be considered priority. There must be a consensus within the Assembly. There is no sense in convoking extraordinary sessions of the Legislative Assembly if no laws are going to be approved."

[Announcer] When Solis Palma was asked about the education career draft laws that are pending at the Legislative Assembly, he added:

[Solis Palma] "That is the same draft law that was originally sent. There are no changes in that. If any changes should arise, this would have to be done in a preliminary debate of the Assembly. The Education Ministry could very well present it, if it plans to make any adjustments according to what has been analyzed after the high-level commission approves the two draft bills. In all sincerity, I do not think this draft bill is going to be considered in these extraordinary sessions, in the event these should be convoked."

[Announcer] The president said the past elections were annulled, and there is no successor. On this subject, Solis Palma clearly expressed his stand:

[Solis Palma] "This is not a matter of a new role for the president. There are simply two facts I want to stress: First, I said in a message to the Assembly that I was not going to change the dynamics of the administration because of the elections or the results of the elections, regardless of the results. I will continue working to the very last day—31 August. First, this is our basic concept.

"Second, the results of the elections—in other words, the annulment of the elections—naturally create a totally new situation in the country. Halting the administration just to wait and see what may happen would simply mean continuing to lead the country through a stagnant condition and would even be a setback that is not advisable for any of the groups involved—that is, any of the country's sectors."

"On the other hand, we want it to be clearly established that even though I said the electoral process was not going to impede the work of the administration, it is no less true that this has produced a certain stagnation, because the officials belong to one or another political group. Naturally, no matter how much we try, there are psychological and actual situations in which we have to cope with an electoral process. This is all over. The Electoral Tribunal has annulled the elections, and the Supreme Court has confirmed the Electoral Tribunal's decision.

"Thus we are faced with a reality. There are no changes as a result of the electoral process; therefore, there will have to be a continuation of activities. I am not talking about the continuation of the persons in the government but of the government's activities as such. I believe there is no reason why I should have to wait for the end of my term to present new plans or a new president or person in charge of the Presidency to present plans. I am not one of those who wants to waste time. I do not want to waste a single day, and I am going to appoint the ministers who can do something in 2 months, in 3 months, whatever time they have left. Perhaps, they will have more time than I do."

[Announcer] In concluding, the minister in charge of the Presidency touched on the subject of the national dialogue and the expectations that it will lead to a solution to the current crisis:

[Solis Palma] "I think everyone is hoping for a dialogue for the sake of the nation's tranquillity. However, we must be very realistic. We must bear in mind an undeniable fact: The elections were annulled, and there is no successor for the next elections [as heard] because of that process. If we understand this and take it from there, we can then sit down to talk. If this is not understood, then there is no way we can sit down to talk, because we cannot sit down to talk with blind or deaf people.

"So let us start based on a fact, and from this starting point, we will be very pleased to speak of the future of the Republic with them and with the media that encourages certain trends and so forth."

[Reporter] "What about the future of the nation?"

[Solis Palma] "It can be whatever we Panamanians are capable of doing. Why should we think Panamanians only have to wait to see what the president or the man in charge of the Presidency will say, or what Channel 2 or Channel 4 will do or say? There should not be any disinformation. The country should be led to a state of tranquillity, which is indispensable. Let us be very clear about this, particularly for you.

"The most important thing in this country is peace, which brings about tranquillity. However, it is not that tranquillity will come about without peace. Peace will not be achieved in this country if so-and-so or so-and-so becomes president. The victory of group X or the imposition of another group by foreign forces in this country will not bring about peace. On the contrary, it will destroy peace.

"Peace prevails because we are ruling. The day the Panama Defense Forces do not maintain control over this country in a serious and responsible manner, in a very responsible manner, is the day that will be the end of peace. It will be rough then for those who are attacking peace." [applause]

[Reporter] "What about the conditions for an agenda?"

[Solis Palma] "There are no prior conditions. However, there is something indispensable. When we sit down to talk, we must sit down among Panamanians, not among people who do not love this country. Starting from this point, we can talk about everything, but only things that benefit the Republic. The first thing is that we must all be Panamanians to sit down to talk. I am not going to sit down with a U.S. citizen or a pro-Yankee person to talk about the problems of Panama."

Comments to Education Ministry

PA2806035989 Panama City Circuito RPC Television in Spanish 2341 GMT 27 Jun 89

[Excerpt] Manuel Solis Palma, minister in charge of the Presidency, has said that the country's schools must be within the framework of a nationalist educational plan. Solis Palma met this morning with high-ranking officials of the Ministry of Education to reiterate his hopes for greater efficiency in the work they do for the benefit of the Panamanian people. Solis Palma referred to the channeling of efforts to improve the entire educational system in the country, particularly the methods of teaching in all of the nation's schools:

[Begin Solis Palma recording] The directorate for private schools has to force the private schools to change their attitude, or else they will have no relationship with the Education Ministry. We must be very clear in this respect. Either they are within the framework of a nationalist educational plan for the benefit of the country or they get out of the field of education. We cannot be training antinationalist citizens, either in the state or private schools. If they want to criticize, let them criticize. If they want to believe certain things, let them believe them. I think we have not had the courage to say things about the way they are.

I want people to work. I am going to send inspectors to all offices, and I do not want them to find officials goofing off, or people that are not working at 1400 or 1500. We do not want people hanging around in the hallways, and this includes the low-ranking employees as well as the high-ranking officials. We must establish order in this field.

There is so much legal work to do in this ministry that the lawyers here should not have any free time for sleeping. They have many legal problems that have not been solved, yet lawyers have free time on their hands. This means they are holding sinecures, and if that is the case, they must be fired. Since they are good lawyers, they will probably take us to Labor Court, or whatever, and we will be tied up in a legal suit for 2 months or 2 years.

Anyone not doing his work must be fired. If they want to file suits, let them. The responsibility of serving this country is above any law. I want you to realize this challenge, and I wanted to tell you this in front of everyone, so no one will say that you are the bad guys. I am the bad guy. [end recording] [passage omitted]

Argentina

Envoy-Designate Comments on Ties With U.S.

PY2706143389 Buenos Aires TELAM in Spanish 2101 GMT 26 Jun 89

[Text] Buenos Aires, 26 Jun (TELAM)—Guido di Tella, the Argentine ambassador-designate to the United States, has stated that he has no disagreements on economic issues with Economy Minister-designate Miguel Roig. He said his appointment as ambassador was prompted by the fact that his talks with the future economic officials began to center on foreign relations and on relations with international organizations.

At the end of a meeting with President-elect Menem in Menem's private residence, Di Tella said that he will "seek to establish a different type of relations with the United States," because "there is a longstanding distorted view and there are people who understand neither Argentina, (?Justicialism), nor Dr Menem."

In reply to a question, Di Tella said that foreign debt negotiation falls within the jurisdiction of the Economy Ministry, but that the Foreign Ministry and the Argentine Embassy in the United States will support those efforts.

Hugo Heguy, chairman of TELAM board of directors, also met today with President-elect Menem. Heguy left Menem's residence shortly after 1730.

New UN Envoy Vazquez Announces Menem Speeches

PY2706153089 Buenos Aires TELAM in Spanish 0000 GMT 26 Jun 89

[Text] Buenos Aires, 26 Jun (TELAM)—President-elect Carlos Menem has appointed former Deputy Foreign Minister Jorge Vazquez as the permanent Argentine representative to the United Nations.

Vazquez himself announced his appointment at the Elevage Hotel at 2030, when Menem was still holding meetings there. Vazquez was accompanied by presidential spokesman-designate Humberto Toledo.

Vazquez said one of his first official duties will be to help organize the summit of nonaligned countries to be held during the 1st week of September in Yugoslavia, where Menem will deliver a speech; and the UN General Assembly to be held in New York on 15 September, where Menem will deliver another speech.

Vazquez is a career diplomat and a member of the Justicialist Party. He was appointed deputy foreign minister in 1973. Following the advent of the military government in 1976, he was imprisoned for 5 years. In 1983, President Alfonsin appointed him ambassador to the Dominican Republic.

Vazquez, 46, is married and has four children.

Foreign Minister-Designate Interviewed

PY2606222289 Buenos Aires CLARIN in Spanish 25 Jun 89 p 8

["Exclusive" interview with Foreign Minister-designate Domingo Cavallo—date, place not given]

[Text] [Reporter] Which will be the central points of the new Argentine foreign policy?

[Cavallo] Realism will be one. Our country has been losing economic as well as political ground in the world. Our foreign policy was not realistic in my opinion, fundamentally because of the country's economic failure, instability, and stagnation. We have tried to maintain a presence at international forums by delivering speeches on defense of principles, sometimes in areas quite distant from our everyday problems, and we have not properly steered our foreign policy to help solve economic and social problems affecting the Argentine people. I believe that the new Argentine foreign policy will contrast with that of the past. We will have a lesser international presence in the discussion of matters not closely related to our own problems; we will be more concerned with Argentina's economic integration in the world, obtaining capital, and simplifying the serious problems that affect our people.

[Reporter] Do you believe that the lack of realism, which, in your opinion, pervaded the foreign policy that will be replaced on 8 July when the new government assumes power, was caused by an excess of political ideology or by a lack of vision over the problems affecting Argentina's national interest?

[Cavallo] I believe that we have put too much emphasis on ideological aspects in the past, both in the discussion of our internal problems and in our relations with the world. On the other hand personal prestige has been sought, disregarding the seriousness of the internal economic situation. I believe that this will have to change from here on.

[Reporter] Would you say that relations with the United States should be given more emphasis in that the new policy...

[Cavallo] Certainly, those relations are very important. But it does not mean that relations with other important countries should be neglected, nor should it mean that our relations with other Latin American countries, particularly with our neighbors, should be overlooked.

[Reporter] Certainly you do not ignore that the Alfonsin government maintained quite close relations with the United States, particularly with the current Secretary of State James Baker, and the former Treasury Secretary [title as published] Paul Volcker on the foreign-debt issue. Would you characterize this as an unrealistic policy?

[Cavallo] To begin with, I have observed in my 24-hour trip to Washington this past weekend that the relations the Alfonsin government maintained with the United States, and with the international financial organizations on the foreign-debt question, were very untidy. Unfortunately, the image of officials who made commitments that they were unable to fulfill still persists. At this time we are behind in payments to the IMF, the World Bank, the IDB, as well as in the payments of interest to the creditor commercial banks. In general, I could see that both in the State Department and the Treasury Department, the promises made by Argentine Government officials do not inspire much confidence because of their deplorable experience in the recent past.

Nevertheless, I believe that the U.S. Government is quite willing to help in the consolidation of democracy in Argentina and in the solution of its economic problems. However, I believe that this time we will have to be much more realistic, clear, and specific in drafting our plans and in making requests for support from the U.S., European, and Japanese Governments, as well as from international financial organizations. We will have to overcome the negative experience of the past years.

[Reporter] Your basic training in economics rather than in diplomacy leads one to believe that your foreign policy will emphasize economic matters. However, there are political problems that influence economic matters. One of those political problems is the open conflict over the Malvinas. How do you expect to address that problem?

[Cavallo] We will indeed address our efforts to recognition of our sovereignty and to recovery of the Malvinas Islands. But we will also act with realism in this area. We will have to make sure that the diplomatic means that we use to reassert our rights do not hamper economic relations with Europe, for instance. Before we talk and make announcements in this regard, we will have to carefully study the steps we will take to make sure that we are taking the right ones. So I prefer not to enter in details at this time. But we will work with realism and care to reassert our rights over the Malvinas, thus to repair the serious economic damage that conflict has caused.

[Reporter] When you say "with realism," do you mean that negotiations are possible...

[Cavallo] Allow me to give an example. Japan lost World War II, but it has a very important presence in the world today. How did Japan manage to attain that very important presence in the world? It did so by putting its economy in gear, not through speeches by its foreign ministers or prime ministers speeches on the East-West confrontation, on matters of strategic interest to the United States and the Soviet Union. Japan was able to assert its presence in the world by putting its economy to work so as to consolidate its economic power. I believe that Argentina will be in a better position to defend its sovereignty over the Malvinas if Argentina strengthens its economic power. So, when I speak of realism, I speak of mechanisms to defend our interests in the islands, mechanisms that will not jeopardize the possibility of exploiting our fishing resources along our maritime coast, or that will not stand in the way of fluid economic relations with Europe.

[Reporter] As for decisions made during the outgoing government, will Argentina remain in the Group of Eight?

[Cavallo] For the time being, we think that Argentina should continue its presence in all forums and groups in which it has been acting.

The only thing that may change is the importance or emphasis placed on our participation in each of those forums. As for the Group of Eight, we think it has positively evolved into a mechanism for exchanging experiences and information among eight Latin American countries that have many common problems in their relations with the rest of the world. The possibility of suggesting initiatives on foreign debt and international trade to the Group of Seven—the industrialized countries—through the Group of Eight is very interesting. We have information that President Mitterrand is promoting a meeting at the technical level between these two groups.

[Reporter] Both are now groups of seven.

[Cavallo] Yes, because Panama has been suspended.

[Reporter] How will the Menem government deal with the Panama case?

[Cavallo] In Panama's case, as in all cases of this nature, I believe the Menem government will abide by the traditional principles of our foreign policy, such as noninterference in the internal affairs of other countries and self-determination of peoples. Panama will not be the centerpiece of our foreign policy.

[Reporter] Can it be surmised that Argentina will also keep a low profile in Central America, the Contadora Support Group, and other organizations...

[Cavallo] That's right.

[Reporter] This can be interpreted in two ways: One that the new government will try to remove obstacles that previous Argentine diplomatic actions placed in our country's relations with the United States; the other, that an approach different from the one tried before will be implemented now.

[Cavallo] Following the trend toward realism, it seems to us that an Argentine president or foreign minister should have more time to direct his efforts to examining our relations with Uruguay, Brazil, Paraguay, Bolivia, and Chile. This time and effort will be better spent than in trying to resolve the Central American conflicts and problems. We will not act that way for ideological reasons or lack of concern for problems in other parts of the world; rather, out of the need to concentrate our efforts in relations that affect us more directly. We have closer economic, cultural, and political links with our neighboring countries. Of course, we will not detach ourselves completely from the Central American problems, but Central America will not be the centerpiece of our foreign policy.

[Reporter] Will the integration agreement with Brazil and Uruguay be maintained?

[Cavallo] It will not only be maintained, but it will be given more impetus, made more effective, and be expanded. You know that Latin American unity has been one of the three main banners in the Menem electoral campaign—the other two were a government of national unity and the productive revolution.

[Reporter] Is it possible that other countries can join this agreement?

[Cavallo] You know that we also have an important bilateral agreement with Mexico. We are also a member of ALADI. So we will try to advance economic integration with the rest of Latin America, expanding the possibilities that are already opened and opening other possibilities...

[Reporter] Would the decision to invite Pinochet to Dr Menem's inauguration be a symbol of the realistic policy you will implement? A symbol of your belief that ideologies do not interfere with bilateral relations?

[Cavallo] The invitation to General Pinochet is identical to the invitation to the heads of all other governments with which we maintain relations. I have read in the press that special attention was being given to the fact that we invited Gen Pinochet. There is no reason for that. I repeat that we have invited the heads of all governments with which we have diplomatic relations. I believe that it is very important for Argentina to have relations with Chile, no matter the type of government currently in power there. Despite that, we are enthusiastically following the implementation of the democratic process in Chile and are very much interested insupporting that process.

[Reporter] There are strong indications that a meeting between Dr Menem and U.S. President George Bush is being prepared.

[Cavallo] In a meeting with Mr Eagleburger, U.S. deputy secretary of state, we discussed a possible meeting between Menem and Bush. We also discussed a possible date for such a meeting, considering President Bush's agenda and Dr Menem's immediate appointments and obligations connected to the difficult task of governing the country after he is inaugurated on 8 July.

[Reporter] Would it be possible for Dr Menem to take a short trip to Paris for such a meeting?

[Cavallo] We have not discarded that possibility, but such a meeting is very improbable because Dr Menem had not included a trip to Paris on his agenda. It is more improbable still, because the invitation had been made to President Alfonsin, who had declined to go and had not included it on the official agenda. Another thing that makes such a meeting improbable is that President Bush's agenda for his short visit to Paris is full and thus closed. In any case, the idea of a meeting between Dr Menem and President Bush was suggested by a common friend and not by the U.S. Department of State nor by us. Although believing the meeting improbable, I discussed the possibility of organizing it in talks held in Washington, in Buenos Aires, and in Paris. However, there is nothing definite about this meeting yet.

State of Siege Expires at 0000 28 June

PY2706202289 Buenos Aires Domestic Service in Spanish 1600 GMT 27 Jun 89

[Text] The state of siege will automatically be suspended at 0000 tonight, when its 30-day period ends. The state of siege was declared by the government on 29 May, when the people began looting supermarkets and other shops.

President Alfonsin will sign today the decree ordering the release of all who were detained while the state of siege was enforced, unless they are being tried by the courts.

Oil Well Begins Operations in Western Formosa

PY2706212489 Buenos Aires TELAM in Spanish 1541 GMT 27 Jun 89

[Excerpt] Formosa, 27 Jun (TELAM)—A new oil well called Palmar Largo X-18 is in operation. The well, which is located in western Formosa, is producing 414 cubic meters per day.

This information was released by Carlos Viggiano, Formosa Hydrocarbons secretary, upon returning from the oil field where he met with Government Oil Deposits (YPF) regional officials. During the meeting, Viaggiano expressed the concern of the local executive branch over the decrease in the province's oil production despite the increase in the number of oil wells. [passage omitted]

Bolivia

Government, Campesinos Reach Agreement on Coca

PY2706152489 Madrid EFE in Spanish 0502 GMT 27 Jun 89

[Text] La Paz, 26 Jun (EFE)—It was reported in La Paz that representatives of the government and coca growers of Bolivia today reached an agreement for the eradication of the excess coca plantations, in accordance with an Overall Development and Substitution Plan [Plan Integral de Desarrollo y Substitucion] (PIDYS).

It was reported that the two parties have signed a document that will be submitted to President Victor Paz Estenssoro to enable him to sign the pertinent decree.

Campesino and Agricultural Affairs Minister Jose Justiniano has stated that thanks to the agreement the growers' participation is now guaranteed in defining policy for the eradication of coca plantations and the characteristics and scope of the actions that will be carried out in this respect.

Alejandro Guzman, a Bolivian Labor Conferederation leader, expressed the satisfaction of the campesinos, because, he said, the agreement explains the need to substitute the coca plantations and the need to stimulate agroindustrial development in the coca plantation regions.

Paz' government plans to eradicate 48,000 of the approximately 60,000 hectares of coca plantations that exist in Bolivia, but up to now the campesinos rejected this plan, seeking economic compensation, and alternatives for producing and selling other agricultural products. They also requested that herbicides not be used in the eradication of the plantations.

Brazil

GATT To Rule on U.S. Claims of Unfair Trade

PY2706220489 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jun 89 p 3

[From the "Notes and Information" page—article: "The Great Challenge"]

[Text] The Brazilian Government has taken the unusual step of challenging the United States to prove, in an international forum and under international law, that Brazil is engaging in unfair trade practices, as has been charged by the United States. According to Brazil, the proper forum for resolving trade controversies is the formally neutral GATT, which was created 41 years ago. The GATT was created to subordinate the exchange of merchandise to international laws, and is applied to all member countries in accordance with very well established circumstances. This type of system can only survive—and only has meaning—if the member countries are really ready to give up the unilateral use of power and trust a superior forum. The Trade and Competitiveness Law, which was approved in the United States in 1988, goes against the spirit of civilized economic coexistence. The very name of the new U.S. trade law's most violent clause, the Super-301, reveals the truculent spirit of a government that believes to have the right to solve controversies through its own means. Based on the Super-301 clause, the U.S. Government decided to sanction Brazil, India, and Japan on charges of unfair trade. These three countries are entitled to defend themselves, but can only do so within the limits established by the U.S. law.

So far, the three governments have simply refused to submit to a bilateral "negotiation" under the terms of the Super-301 clause. To agree to this "negotiation" would be to recognize the jurisdiction of the U.S. Congress over international trade. If we accept this jurisdiction, any effort to value or improve mediation by the GATT would be useless. What would be the use of respecting the terms of a multilateral agreement if some GATT members can use their power to act as legitimate international legislators and as judges in accordance with their own interests?

Therefore, from the diplomatic point of view, the position defended by the Brazilian representative to the GATT, Ambassador Rubens Ricupero, is perfectly valid. According to Ricupero, the U.S. Government can only obtain international credibility in the defense of its points of view if it makes clear that it will give up the use of unilateral retaliatory measures. The U.S. representative Rufus Yextra [name as published], said his government is ready to accept multilateral procedures. He did not clearly guarantee, however, that the U.S. Government would stop complying with the unilateral measures contained in the Super-301 clause.

Ambassador Ricupero said the Brazilian Government is ready, as it has been for the last few years, to submit its foreign trade accounts to the inspection of the GATT experts. He explained that the trade restrictions adopted by Brazil are acceptable to international laws in view of the serious problem existing in its balance of payment. In his speech, Ricupero mentioned the huge amount of money Brazil has been sending abroad since 1983 to pay for the interest on its foreign debt. This is why Brazil must have high trade surpluses in order to be able to pay yearly the high cost of this interest. Although considered huge, the 1989 surplus, which amounts to $19.1 billion so far, has been almost entirely used to honor the debt because in 1989 Brazil had to pay not only this year's interest; but also other due interest.

The explanations could go a little further. The deterioration of Brazilian credit abroad, which began in 1979, was basically a result of the unilateral and sovereign decision of the U.S. Central Bank to increase the interest rates to unprecedentedly high levels. This measure was aimed at improving the United States balance of payment through the channeling of financial resources from abroad and at compensating, through the monetary policy, the profound fiscal imbalance of the U.S. Governemnt.

This fiscal imbalance issue has still not been solved but the attempt to compensate for it, which started more a decade ago, has disorganized the economy of the debtor countries and, worse still, has multiplied the Brazilian foreign debt, and that of other countries, by adding interests on due interests.

Reviewing these facts, we clearly realize that the two situation are very similar: 10 years ago, just like now, U.S. officials believed they had the right to solve their problems unilaterally, just because they could, and still can, arbitrarily impose their decisions abroad. The link between the two phenomena—the fiscal imbalance and the creation of the Super-301 clause—was entirely confirmed during the recent IMF debate in Washington. Economist Max Corden, professor of the School for Advanced International Studies of the John Hopkins University, said the U.S. current account deficit in the balance of payment is a consequence of the budgetary deficit. During the same debate, Claude Barfield, researcher of the American Enterprise Institute, said the Super-301 clause is based on a hypothesis that is entirely mistaken from the economic theory point of view. He added that the implementation of this clause could lead the United States to violate the GATT rules. John Markin, director of the Fiscal Policy Studies of the American Enterprise Institute, asserted that the economic policies being implemented by the United States since 1982 have tended to produce a high imbalance abroad because it stimulated both public expenses and private investment.

The U.S. Government has already been warned by several of its partners against the risks of violating international rules. The opinion of most of the European Governments is clearly opposed to the trucculent terms of the Super-301 clause. Regarding a solution to the imbalances, it would be enough to pay a little more attention to the advice of the U.S. economists and IMF experts. Why should the IMF advice be followed only by the governments of the debtor countries.?

MITI To Collect Debt From Brazil Under Plan

OW2306233889 Tokyo KYODO in English 2304 GMT 23 Jun 89

[Text] Tokyo, June 24 (KYODO)—Japan's Ministry of International Trade and Industry (MITI) will have the right to collect deferred payments covered by its trade insurance, totaling some nine million dollars, directly from Brazil by a just-concluded deal with that country under its second debt-rescheduling plan, a ministry official said Saturday.

The agreement, signed on Friday Brazil time, is aimed at enhancing the government's ability to collect on outstanding credits and at resuming MITI's trade insurance coverage for Japanese exporting firms exposed to risks in trade with Brazil, the official said. MITI suspended the extension of trade insurance for trade with Brazil in 1987.

Until now, credit had been recovered by each exporting firm and then transferred to the ministry, the official said.

The credits to be retrieved from Brazil will be the first for which Japan will adopt a flexible interest rate, which is to be redetermined every six months, he said.

Under the rescheduling plan, Brazil is expected to repay to Japan over the next six years loans which expired during January 1985 and December 1986. A grace period of three years is included.

Brazil expects to launch its third debt-rescheduling plan with the Japanese Government this summer, the official said.

Brazil's rescheduling of debt with Japan is part of the Paris Club agreement designed at alleviating the debt burdens of the developing nations.

IMF Delegation Departs; No Agreement Reached

PY2706164889 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jun 89 p B-3

[Text] Brasilia—The high level of uncertainty in the economy and the government's delay in presenting the final estimates for this year's public accounts forced the IMF delegation to leave the country yesterday without beginning the talks for an agreement between the country and the IMF. Thomas Reichmann, head of the IMF delegation, held a lengthy meeting with Michael Gartenkraut, Finance Ministry adviser who is responsible for contacts with the IMF. It has been decided that the government will send a technical delegation to Washington in August to continue the negotiations.

The IMF delegation left Brazil without concluding with the Brazilian team the estimates of the 1989 public deficit. The members of the delegation did not meet with ministers of the economic sector as the government expected. Planning Minister Joao Batista de Abreu also confirmed that the delegation was going to meet with the ministers.

The IMF will not study the Brazilian case until August. Until then the government hopes to present the July inflation as rare. The economic team wants to show the IMF that the economy is under control.

Government Praises Angolan Peace Efforts

PY2706131389 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Jun 89

[Text] The Brazilian Foreign Ministry has released a press note congratulating all African heads of state who have contributed to the signing of the agreement that opens the path for the end of the war in Angola.

In the note, the Brazilian Government also congratulates Angolan President Jose Eduardo dos Santos and expresses its satisfaction over the cease-fire that began at 0000 on 24 June.

According to the note, Brazil hopes that the talks being held by the Angolan forces lead the country peace, economic development, and social progress.

FRG-Built Submarine 'Tupi' Arrives in Rio

PY2806020489 Brasilia Domestic Service in Portuguese 2200 GMT 27 Jun 89

[Text] The FRG-built submarine "Tupi" has arrived in Rio de Janeiro. This submarine will make possible the transfer of technology for the construction of three other submarines at the Navy Arsenal.

The submarine "Tupi," built at the HW [expansion unknown] shipyard in the FRG, has arrived at the Mucangui naval yard in Rio de Janeiro. It is nearly 62 meters long, and it can carry a crew of 36. The Brazilian Government paid $150 million for it, nearly 450 million new cruzados.

This is the second Brazilian submarine named "Tupi." The first was one of four submarines purchased from Italy in 1937, and it served in World War II until it was taken out of service in 1959.

The new submarine "Tupi" is part of the Baltic Project, which calls for the construction of three more submarines of the same type at the Navy Arsenal of Rio de Janeiro. These submarines will be built with Brazilian technology from a German design.

* Presidential Poll Leader Collor Interviewed

33420065 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 May 89 p 4

[Interview with presidential candidate Fernando Collor de Mello of the National Reconstruction Party by Jose Neumanne, in Brasilia, date not given; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] Helped along by an as yet unpublished public opinion poll reportedly showing that he is preferred by 43 percent of the voters, the PRN [National Reconstruction Party] candidate for president of the Republic, Fernando Collor de Mello, ended the week under a full head of steam. In the Brasilia office of his friend, building contractor Paulo Octavio, Collor promised, if elected, to create the conditions for establishing true capitalism in Brazil—capitalism with risk, not the bureaucratic system which currently rules the Brazilian economy. To the "progressive" candidates—limited to himself, Luiz Inacio Lula da Silva of the PT [Workers Party], Mario Covas of the PSDB [Brazilian Social Democracy Party], and Roberto Freire of the PCB [Brazilian Communist Party]—he is proposing a pact for the drawing up of a common program "with a minimum of unity." He has plenty of barbs for the other opposing candidates. He adopts a baiting tone in talking about Leonel Brizola of the PDT [Democratic Workers Party], but offers, along with his family, to submit to a medical examination to prove that he has never used drugs—and suggests that the former governor of Rio de Janeiro and all his family should do the same. He recalls that Waldir Pires, the running mate of Ulysses Guimaraes of the PMDB [Brazilian Democratic Movement Party], was a minister in the Sarney administration. And he feels that Janio Quadros—who many people think is his model—is a man out of the past who is remembered only because he resigned. He also sends a warning to his opponents: He does not consider himself a flash in the pan. "My candidacy is growing with tremendous consistency," he says, and he promises a program for government by the end of June.

[O ESTADO DE SAO PAULO] Did you schedule a trip to Portugal, Spain, France, Italy, and Germany in June to avoid the fire from your opponents in the campaign?

[Collor] No. I am going to get in touch with the leaders of those countries to exchange ideas and information and establish the conditions for a good relationship. In short, to "get acquainted."

[O ESTADO DE SAO PAULO] Will you have a government program ready by the time you leave?

[Collor] I have already presented items for a government program. I am the only candidate to have made definite statements on important topics such as economic policy and the foreign debt.

[O ESTADO DE SAO PAULO] But there are those who say that the secret of your success is precisely the fact that you have no program, unlike Senator Mario Covas, who has too much of a program. Do you agree?

[Collor] At the end of June or in July, I will present a detailed program at the National Reconstruction Party Convention.

[O ESTADO DE SAO PAULO] Are the advisers drawing up that program the same committee members who wrote your speech promising to make the Territory of Roraima a state, something that is already called for in the new Constitution?

[Collor] I said in Boa Vista that if I became president, the governor of Roraima would be chosen by the local community, not imposed by Planalto Palace. I did not make the mistake attributed to me by the newspapers. That was what I meant in promising that Roraima would no longer be a branch of Planalto Palace.

[O ESTADO DE SAO PAULO] Although your program has not been formulated, you said that former Minister Dilson Funaro would certainly be your minister of finance. Was that a matter of opportunism (you know that he cannot occupy the post because he is dead), or was your statement sincere?

[Collor] My admiration for Funaro has always been sincere, and it existed long before he died. He was the only minister under Sarney to bring dignity to his office. Moreover, unlike many others, he did not take any action against our sovereignty. On the contrary, he preserved it.

[O ESTADO DE SAO PAULO] So if you are president, the minister of finance will be like Funaro, is that it?

[Collor] Yes.

[O ESTADO DE SAO PAULO] Despite the failure of the Cruzado Plan and its use for vote-getting purposes?

[Collor] The failure of the Cruzado Plan was not the fault of the plan or of the minister, but of President Sarney, who refused, because of the elections, to modify the plan when modification became necessary.

[O ESTADO DE SAO PAULO] Those elections were won by you in Alagoas, among others.

[Collor] Yes, but the one who used the Cruzado Plan for electioneering purposes in Alagoas was my opponent, Guilherme Palmeira, who at the time was national chairman of the PFL [Liberal Front Party]. The then Ministers Marco Maciel, Jorge Bornhausen, and Antonio Carlos Magalhaes—all of the PFL—went to Alagoas, met with mayors, and said that the Cruzado Plan had been drawn up by two people: Dilson Funaro and Guilherme Palmeira. So if the Cruzado Plan had any electoral effect in Alagoas, it worked against me.

[O ESTADO DE SAO PAULO] If you win, do you plan to revive the Cruzado Plan?

[Collor] If I am elected, I will try to reestablish not the Cruzado Plan but its basic principles: economic growth, a strengthening of the domestic market, a better distribution of income, fewer regional inequalities, and reactivation of the economy.

[O ESTADO DE SAO PAULO] Are you in favor of nationalization or of a market economy?

[Collor] I think it is quite clear that the Brazilian nation has already made its choice in favor of the capitalist system. The only problem is that there has never been true capitalism in Brazil. Because there cannot be a capitalist system without risk, which is what we have here. If I am elected, I will try to establish the minimal conditions for finally bringing capitalism to Brazil. We need to get away from the bureaucratic, paternalistic, interfering, and inefficient state by dismantling our gigantic and irrational state machinery. And to build a modern, austere, efficient, and expeditious state. That kind of state will be able to promote the flourishing of a real capitalist system by leaving the market forces free. The state needs to let the economic agents act freely.

[O ESTADO DE SAO PAULO] To accomplish that, will it be necessary to fire government employees?

[Collor] The government promised to reduce the public deficit to 2 percent of GDP, and it is now about 7 percent. Of that deficit, 85 percent is accounted for by foreign and domestic debt. So the effects of the administrative reform will be not so much financial as psychological. Society views the superabundance of government employees, the perks, and the "maharajahs" as being the causes of the economic imbalance. So the only way to undertake a fight against the public deficit is for the government to take steps against those evils. Society is demanding satisfaction. As many firings as are necessary, that many will be made. I don't want to be president to preserve privileges but to carry out the necessary reforms.

[O ESTADO DE SAO PAULO] Isn't that middle-class right-wing moralism, as the PMDB leader in the Chamber of Deputies, Deputy Ibsen Pinheiro, said?

[Collor] Moralism is neither right-wing nor left-wing: Morality is for everybody. It is hard to believe that the deputy wants to give the Right credit for all the progress made in the struggle to improve morals. Such victories belong to all of society.

[O ESTADO DE SAO PAULO] As a matter of fact, society doesn't seem very interested in that conflict between Left and Right. Don't you agree?

[Collor] The elections are going to take place without regard for partisan or ideological issues. I admit that that is a disservice to democracy, but it is not happening because of alienation or because the people are not politicized. It is happening because the politicians and parties have frustrated all of us by their inability to put their words and programs into practice. As a result, the parties are no longer considered suitable channels for communication between the people and the center of power. And the politicians are no longer seen as representing the aspirations of ordinary people. That is a reflection of the pressure placed on party activity by growing presidential power. And it is matter of concern, but there is nothing to be done about it now. Later, yes, it will be necessary to begin restoring confidence in the party structures. For that to happen, politicians will have to be more responsible and less concerned with "physiologizing." Confidence will not be restored until promises start to mean something again among the politicians themselves. We need to fight for that.

[O ESTADO DE SAO PAULO] Are you on the Left or on the Right?

[Collor] In my view, society is divided into two groups: the conformists, who want to keep everything the way it is, and the reformists, who want to change things. I consider myself a Christian reformist.

[O ESTADO DE SAO PAULO] Was it Christian to reject the support of General Newton Cruz and the businessmen in the FIESP [Sao Paulo State Federation of Industries], as you did last week?

[Collor] It was consistent. In the first case, because I could not accept support from someone whose words and practice are in total disagreement with the principles on which my candidacy is based. In the second case, I support free enterprise, but as a candidate for president of the Republic, I want to establish alliances with politicians, businessmen, and workers with no privileges for anyone.

[O ESTADO DE SAO PAULO] Did Collor's meteoric rise in the public opinion polls surprise candidate Collor?

[Collor] Yes, it did, because the top spot in the polls came in April. We were expecting it to happen in June or perhaps July.

[O ESTADO DE SAO PAULO] That top spot will increase the violence of attacks by your opponents. Are you ready for them?

[Collor] I would like to keep the campaign debate at a high level. Lowering its level by discussing irrelevant subjects does not help improve democracy. But those attacks do not disturb me.

[O ESTADO DE SAO PAULO] Not even the memory of the gunfight in the Senate, when Senator Jose Kairela was killed by a stray bullet from your father Arnon de Mello's revolver?

[Collor] That has been exploited already. But apparently without success.

[O ESTADO DE SAO PAULO] Didn't that episode disturb you at the time?

[Collor] I was a 13-year-old boy. It was a deplorable and shocking episode. But my father was acting in legitimate defense of his honor.

[O ESTADO DE SAO PAULO] Your opponents say that you have used drugs in the past. Is that true?

[Collor] I have never used drugs. As a matter of fact, doing so would be incompatible with my healthy way of life. I am a sportsman—a man preoccupied with health. They tried to exploit that false story during the gubernatorial race. My healthy way of life made those attacks pointless. I have practiced karate for 7 years, and I have always worked. That slander won't stick.

[O ESTADO DE SAO PAULO] Would you be willing to undergo a medical examination to prove that you have never used drugs?

[Collor] I never thought of that before. But it is clear that I am willing. On the one side, I and my family would undergo the necessary tests. And on the other, former Governor Leonel Brizola and his family could do the same.

[O ESTADO DE SAO PAULO] A story is circulating in Rio de Janeiro to the effect that a dossier has been prepared by your opponents saying that you got $5 million out of your marriage to Lilibeth Monteiro de Carvalho and that you used the money to redeem protested securities at the Seventh Notary's Office. Did you know that?

[Collor] No, I didn't. It is obviously slanderous and irresponsible. But I cannot respond until the dossier is made public. Incidentally, I would like to remind you that this business of dossiers is completely in line with the sort of thing the SNI [National Intelligence Service] used to engage in during the military dictatorship.

[O ESTADO DE SAO PAULO] The same dossier is said to include a photograph of you weeping at Paulo Maluf's defeat by Tancredo Neves in the Electoral College. Did you actually weep?

[Collor] That's a good one. At least there is some humor to it. But no, I didn't weep.

[O ESTADO DE SAO PAULO] There is no report of any dossier by candidate Mario Covas against you. By the way, you have recently been giving friendly nods to the "tucanos." You have praised Serra and authorized contacts with Guiomar Namo de Melo. Are you already making sure of the PSDB's support in the second round of balloting?

[Collor] The "tucanos" and I were always very close back in the days of the PMDB. Later I separated from them. But in Roraima on Thursday, I broached the idea that all the progressive candidates should sit down together and draw up a common program, thus establishing the possibility of unity in the future. That proposal is addressed only to Roberto Freire, Mario Covas, and Luiz Inacio Lula da Silva—the progressive candidates.

[O ESTADO DE SAO PAULO] So Brizola is not a progressive candidate?

[Collor] I don't think that one can regard as progressive a candidate who has made the alliances he has made. Or who has said, as he has, that he considers General Joao Figueiredo's support welcome.

[O ESTADO DE SAO PAULO] What about Ulysses Guimaraes: Isn't he progressive?

[Collor] Ulysses personally is all right. But he represents the New Republic. Moroever, his running mate (Waldir Pires) was a minister in the Sarney administration. Or had you forgotten that?

[O ESTADO DE SAO PAULO] What is the minimum program that you could have in common with Deputy Roberto Freire, the Communist Party's candidate?

[Collor] Soviet economist Abel Aganbeguian was here in Brasilia recently, and he talked about the firing of 400,000 government employees and the need to establish a wage hierarchy between skilled and unskilled workers in the Soviet Union. He also supported the opening up of his country's economy to international capital. I feel that my words are even less progressive than his, don't you agree?

[O ESTADO DE SAO PAULO] Don't you agree with the opening up of the economy to international capital?

[Collor] More than that, I support a wholesome partnership between the national economy and international capital. This business about whether I want or don't want external capital is all a lie. Capital from anywhere is not going to enter a country until its owners have gotten answers to three questions: Where am I going to earn money? How am I going to earn money? and, When am I going to earn money? Without those answers, capital does not put in an appearance, old buddy.

[O ESTADO DE SAO PAULO] That question leads to another: Will you feel authorized, if you are elected, to make unprejudiced use of the best of the nation's brainpower in efforts toward national reconstruction?

[Collor] No one can have authority without independence. Sarney does not have authority because he is dependent. More than that, he is servile. I am prepared to make full use of the cream of the nation's brainpower without worrying about partisan or ideological questions. The only criterion for putting my team together will be the firm intention to change things.

[O ESTADO DE SAO PAULO] These words of yours are strongly reminiscent of the way Janio Quadros talked during the 1953 mayoral campaign in Sao Paulo and the 1960 presidential campaign. Are you a new Janio?

[Collor] In the 1960 campaign, I was a 10-year-old child. My only memories concerning Janio are of what has happened since his resignation and of its terrible effects on my generation—our generation—which has gone 30 years without voting for a president. Janio is an interesting person, and I only met him 2 years ago at a cocktail party at the Brazilian Embassy in Rome. But his time has passed. The world is different. Janio's dreams are not the dreams of my generation. Included among the 85 percent of Brazilian voters who have never voted for a president are you, the presiding judge of the TSE [Superior Electoral Court], Jose Francisco Resek, and myself. What could we hope for from Janio?

[O ESTADO DE SAO PAULO] Is Fernando Collor a flash in the pan?

[Collor] I warn my opponents that my candidacy is growing with tremendous consistency. Eighteen months ago, I had 1 percent in the polls. I have since risen to 2.4 percent, 3.5 percent, 4.6 percent, 5.4 percent, 6.5 percent, 7.2 percent, 8 percent, 9 percent, 10.2 percent, 12.3 percent, 13 percent, 15 percent, 17 percent, 20 percent, and 32 percent. I know of one poll that has not yet been published, and it gives me 43 percent. That is a rising curve, you must agree. When they say that he who starts at the top tends to drop, I can agree, too. After all, I started from way down.

[O ESTADO DE SAO PAULO] If your optimism turns out to be justified, won't you be afraid of having to face a stronger Congress on the eve of an election?

[Collor] I am not afraid of today's Congress. On the contrary, my concern is that this Congress may become even too docile in relation to a future president who will be very strong and have a great deal of authority—the first to be elected directly in 30 years and the first to be elected under a system requiring an absolute majority, thus embodying all the hopes of the nation. What kind of Congress would set itself against a man like that? That man will have the responsibility of helping to elect a new Congress and one mature enough to establish a relationship compatible with the size of the problems to be faced.

[O ESTADO DE SAO PAULO] Being the superstitious person that you are, did you decide to open your campaign in Manaus so as to repeat what Getulio Vargas did in 1950?

[Collor] I confess that I did not know that when I scheduled the rally. But it is a good sign, all the same, that every president elected by direct suffrage since 1946 began his campaign in the North Region.

PDT Elects Lyra To Be Brizola's Running Mate

PY2706164089 Rio de Janeiro O GLOBO in Portuguese 26 Jun 89 p 1

[Text] As expected, the national convention of the PDT [Democratic Workers Party] yesterday confirmed the candidacies of Leonel Brizola and Fernando Lyra for president and vice president, respectively. Brizola received 211 of the 213 votes (two were blank), while 5 of the votes for the vice president were invalidated.

At Brizola's request, Deputy Carlos Alberto Cao withdrew his candidacy for vice president. In a speech that lasted 1 hour and 40 minutes, Brizola threatened to dissolve the regional boards whose leaders may engage in disputes over political space and prestige to the detriment of the campaign. Regardless of the restrictions imposed on the leaderships, Lyra will continue coordinating the PDT campaign.

* Capital Flight May Reach $12 Billion

33420068 Sao Paulo VEJA in Portuguese 31 May 89 pp 104-112

[Text] Last year it was discovered that Brazil, former holder of the title of "Land of Immigrants," had become an exporter of people—those thousands of Brazilians lining up at the consulates of the United States, Italy, Japan, and other countries in search of a residence visa enabling them to settle abroad. And now—following last year's inflation rate of over 900 percent and with the Summer Plan failing and the first presidential election sending up a cloud of uncertainty on the horizon, it is being discovered that the country has also become an exporter of money—in quantities never seen before. Ever since Pedro Alvares Cabral landed, the Brazilian economy has been built largely by foreign investments—which have placed automobiles on the streets, supplied the pharmacies with medicines, and taught the country to enjoy soft drinks. In 1989 the reverse is happening. Money from outside is not coming in—and the money already here is leaving.

"The problem is very serious," says diplomat Sergio Amaral, secretary for international affairs at the Ministry of Finance. "To reverse the situation, we must restore the climate of confidence in the country's economy," he adds. The money that is leaving the country adds up, in fact, to a colossal sum—so great that it is difficult to calculate the total accurately. The optimistic estimate is $10 billion, while the most pessimistic reaches $12 billion. Strictly speaking, it is impossible to know exactly how much money is leaving—especially since the greatest part of the outflow leaves the country illegally by means of fraudulent operations beyond all government control. It is, however, possible to know what $12 billion represents. It is as though every month, a firm the size of the Votorantim Group were to close its doors, lay off its 60,000 employees, and sell all the facilities it owns in 20 Brazilian states—with the Ermirio de Moraes family going off to Switzerland to live on the interest. One of the best-known public nightmares of the Brazilian economy—payment of interest on its $112-billion foreign debt—represents a smaller outflow of funds than the flight of foreign exchange. In 1988, for example, that payment of interest was pegged at $9 billion. It is true that there have always been Brazilians with enough money—and determination—to keep part of their savings abroad. That is a common phenomenon in every period and in every country. The fact is, however, that that type of monetary transaction is reaching unprecedented levels in 1989: the volume is four times greater than it was in 1986, for example, when the economy was experiencing the jolts of the Cruzado Plan. The U.S. bank, Morgan Guaranty Trust, which maintains one of the most accurate thermometers of the movement of money through the coffers of the entire world, estimates that at the end of 1988, Brazilians were holding about $31 billion in funds outside the country—a good-sized pile, to be sure, but actually modest in comparison with the deposits of other so-called Third World countries. At the rate things are going in 1989, that amount may rise by 30 percent in a single year, and since we are dealing with a quantity measured not in new cruzados but in dollars, that is a giant leap.

The table below shows an estimate of the illegal flight of capital from Brazil in recent years.

Illegal Flight of Capital

Year	$ Billions
1978	1.2
1982	1.2
1983	3.2
1986	3.2
1988	7.5
1989	12.0

Monstrous Mirage

A genuine open secret among big businessmen and high government officials, the flight of capital is one of those very intriguing phenomena that are occurring in the Brazilian economy these days. The figures are, in fact, a noteworthy indicator of the difficulties being experienced by the country—and they also bear the marks of a package of uncertainties concerning what is going to happen from now on. There is, however, another difficulty. So far no one has ever been able to look at a mountain of banknotes totaling $12 billion, and one can only get an approximate idea of what it means by engaging in the kind of calculations that don't really mean much to most people—for example, the mathematical computation that $12 billion represents a fortune sufficient for building 500,000 low-cost houses or 5 north-south railroads. That is why this emigration of foreign exchange usually also produces a whole set of monstrous mirages—of the same family as that announcing a countdown to the start of the Apocalypse. But in fact, that is not really the problem.

"The flight of dollars is a consequence, not a cause, of the national tumult," says economist Antonio Carlos Porto Goncalvez, a professor at the Getulio Vargas Foundation in Rio de Janeiro. "This trend toward a flight of dollars has been going on for at least 5 years." Compared to their Latin American neighbors, Brazilians will need to send a lot more money abroad to match the levels achieved in other countries. The Venezuelans, for example, have a foreign debt of $35 billion and a total of $58 billion in secret deposits abroad—and the Mexicans sent $84 billion abroad while accumulating a debt of $105 billion. The fact is that even while suffering a loss of $12 billion, the Brazilian economy is continuing to show that it is capable of functioning despite its daily harassment by the rigmarole of Brasilia's economic policy—as demonstrated, for example, by the spectacular trade figures a month ago, when the Summer Plan was already in its death throes. It is obvious that the flight of money does not indicate that the country is doing well. It is also obvious that Venezuelan and Mexican statistics show that the picture may become even worse. But it is even more obvious, when you get down to it, that the country is not living as though the end of the world had arrived: people are continuing to work, stores are selling, and consumers are buying (see the story on page 116 of this issue [not included]).

"Brazil is a good long-term investment despite the headaches that appear from time to time," says Pedro Leitao da Cunha, chairman of the Montreal Bank. "Foreign capital wants to stay here, and in general, firms are investing," says Gunnar Vikberg, deputy chairman of the multinational Xerox in Brazil. There is no report, for example, of any big businessman or even a more modest one having decided to sell his business, buy dollars, and move out of the country—something that has happened on a large scale in Argentina. That kind of attitude is not showing up in Brazil for two very simple, practical, and reliable reasons—both of which mean money. As is known, putting a company up for auction is the best way to produce a financial loss—since a buyer likely to make an offer fat enough to please the former owner can never be found. The other reason has to do with the problem of what to do with the money—somewhere else in the world.

Surprise Trip

In our case, the difficulties are considerable. We all know that because of problems having to do with capital, technology, and sometimes language, few Brazilian businessmen are in a position to go out and fight for a slice of the market in any foreign country—and the solution is to put one's money in the bank. One does not lose anything that way—but the fact is that one is not likely to earn much. A person who deposits $2 million in New York, for example, will be entitled at the end of the year to an average yield of $180,000 produced by an interest rate that currently stands at 9 percent per year. That is certainly more than the yield from a passbook savings account in Brazil, which pays 6 percent. But it is also a great deal less than most Brazilian firms earned from their billings even in a year as complicated as 1988, when inflation soared. Despite all the difficulties, the major economic groups ended the year with brilliant results and profits far higher than the 9 percent paid by U.S. banks.

In one of those surprises produced by the travels of money, it is sometimes even possible to get much richer abroad with new cruzados than with dollars. That was what happened immediately after the Summer Plan was introduced, when the Treasury began paying a real interest rate of over 19 percent per month—at least 20 times more than the big international financial centers. When that happened, the dollars that were in other countries returned home, became new cruzados, and went on to supply the big investors in the financial market—where they stayed and grew fat until interest rates tumbled. At that point, the new cruzados became dollars again and returned to the international markets. That is where the basic problem with the flight of foreign exchange lies. By invisible paths, money flees those places where it cannot grow fat—and it always likes to take up residence in those countries where the population is not forced to live with three different currencies in the space of 4 years.

Nervous Climate

Dollars can be concealed in tourists' suitcases or transferred through illegally drafted payment orders—there are several ways of getting dollars out of Brazil, and some of them are even legal. And even in that legal area, which involves multinational firms and Brazilian businessmen interested in starting a business abroad, there is a general climate of nervousness. In the first 4 months of 1989 alone, according to Central Bank records, $963 million flew away legally in the form of remittances of profits and interest. If things continue at this rate, the loss may total $2 billion by the end of the year, and that will be twice as much as in 1987, for example. Another legal "airplane" for the transportation of dollars—so-called repatriation of capital—is also carrying a heavy cargo: so far, $350 million have left the country by that means, and that is more than the amount for all of last year (see the table "Legal Remittances" below). Of all the known methods for getting out of Brazil with dollars, the most famous is also the clumsiest. It involves the "suitcase full of dollars." The first risk is that of getting caught by the Federal Police, who have an X-ray machine capable of exposing every item that a person is carrying in his luggage. In that case, the passenger will miss his flight and will certainly suffer loss—because even if, by chance, he is able to prove that he obtained his dollars legally and even paid income tax on them as required by law, he will get his money back, but it will be returned to him in new cruzados at the official exchange rate. It is certain in any case that he will not be able to leave on the day he expected to, because the Federal Police will use a legal concept known as "presumption of guilt" to detain him until he produces the piece of paper justifying the money he had in his luggage.

The volume of capital repatriated legally by foreign firms is rising again after setting a record in 1986, as shown in the table below (in millions of dollars)

Legal Remittances

Year	Amount
1979	354
1980	147
1981	110
1982	143
1983	158
1984	112
1985	263
1986	762
1987	326
1989	350*

*Outflow forecast for January-May 1989
Source: Central Bank

"We use the white-collar law," says Police Chief Antonio Borges Filho of the Treasury Police in Sao Paulo. He is referring to one of those elegant legal inventions which usually vex only the anonymous middle-class citizen but which sometimes catch up with better known individuals, at least in Brazilian airports. There was a very famous victim back when the legal maximum for anyone traveling abroad was $1,000: Businessman Naji Nahas, who is estimated to be worth $250 million, was detained at Cumbica as he was on his way to London with $20,000 in his pocket. Under the current rules, with the amount allowed for tourism up to $4,000, the biggest exploit by Federal Police has been their discovery of $106,000 in the briefcase of attorney Edevaldo Alves da Silva, whose clients include former Governor Paulo Maluf and former President Janio Quadros and who also owns a school and a radio station.

Besides the constraints imposed by Brazil, the person carrying large amounts of money in airplanes is exposing himself to unnecessary risks. He runs the risk of being held up as he is leaving or arriving. If our traveler goes to the United States, he may have the misfortune to be arrested by U.S. Customs if he does not declare that he is getting off the plane with more than $10,000. If he declares the money, nothing will happen to him, except that he will have to fill out a more detailed questionnaire explaining the purpose of the money he has in his pocket. The U.S. Government keeps the questionnaire on file, and Brazilian authorities cannot gain access to it without a formal request by Interpol—and Interpol will not act unless it considers the case important.

Filet Mignon

The "suitcase full of dollars" is an unsophisticated method of investment, and it is also modest in its results—its contribution to the $12-billion package expected in 1989 does not total even 5 percent. Actually, there are much simpler—and less risky—ways of sending money abroad. The difference is that they are much more expensive and involve a much higher investment in terms of new cruzados. The most popular expedient with businessmen wishing to ensure a maximum of discretion concerning their movement of money abroad is that of opening a business in one of the tax havens around the world. That route—requiring accomplices in certain banks headquartered abroad—is the one followed by the bulk of the dollars fleeing the country. The process involves two fraudulent operations: underbilling for exports and overbilling for imports. In the first case, the businessman reduces the value of the goods he sells—and the difference remains abroad. In the second case, he increases, for accounting purposes, the amount he pays to buy foreign products—and the dollars left over are deposited in his own account abroad. "That is the filet mignon of methods for getting money out of the country," says economist Dercio Garcia Munhoz of the University of Brasilia.

Estimates circulating even among officials of the Bank of Brazil's Foreign Trade Department (CACEX), the agency that monitors the pulse of Brazil's purchases and sales around the globe, indicate that because of underbilling for manufactured products alone, the country failed to record the sum of $3 billion—slightly less than 10 percent of the amount that Brazilian exports managed to earn from the international market in 1988. That estimate can be considered conservative. Deputy Antonio Delfim Netto, former minister of finance, believes that underbilling leaves a gap of 25 percent in total export earnings. By making a deal to be overbilled for his imports, a businessman strikes a hard blow at the marketplace—especially since the dollars used in his business are acquired at the official rate of exchange. Underbilling is most common in periods like the present one, in which the difference between the dollar at the official rate and the dollar on the parallel market has soared to 200 percent. The exporter receives the proceeds from what he exports officially in new cruzados at the official rate. The remainder reaches him in dollars—at such wide margins that he ends up profiting from the difference.

That kind of activity produces such large earnings that it has wound up creating two "families" of businessmen. One family consists of those businessmen who own a genuine firm, have employees who receive their pay on time—and deposit only a small portion of their earnings abroad. The other family, however, consists of phantom businessmen owning firms which are genuine economic specters and whose only activity consists of obtaining export and import permits for illegal operations. From time to time, the Federal Police manage to lay their hands on those people.

That was what happened, for example, to a naturalized Brazilian from Uruguay, Hugo Rubem Scotto, who was running two companies in Porto Alegre that were real fiscal ghosts: H.L. Exports and Imports and Fruit Import, Ltd. In a joint operation, Federal Police and Federal Revenue agents managed to catch Hugo Scotto in the act. His operations were carried on to the tune of millions of dollars. His working method was simple: he would apply to the Bank of Brazil for import permits in large amounts. It was discovered, however, that on at least one occasion, when he was involved in a transaction totaling $3 million, Scotto had gotten himself overbilled by a monstrous 99 percent. In other words, for every $100 that he was theoretically going to spend on imports, only $1 was genuine—all the rest wound up abroad. Cases initiated by the Federal Police are long and complicated. Although his operation was discovered in March 1989, Scotto has not even been questioned by Federal Police so far. He has closed his office in Porto Alegre and vanished from the city. The same thing happened to three firms in Sao Paulo whose operations were discovered by Federal Police. They have now closed their doors and hung a "for rent" sign at their old locations.

One-Percent Commission

Where it involves the public administration, the flight of foreign exchange makes use of a part of the government machinery that has several times been under suspicion of harboring dishonest officials. It is thought that the complicity of an unscrupulous government employee may involve sums in the millions—haggling is always possible, but the commission usually comes to 10 percent of the value of the deal. But monetary tourism also takes other, private routes where the logistical costs are lower. The big dollar bankers in Brazil, who have well-protected offices in the country's largest cities, have the necessary equipment for transferring thousands of dollars to any location in the world. The dollars never actually leave the country. The customer pays for his goods in new cruzados, and the accomplice sends a facsimile to a bank abroad, authorizing the draft in dollars. If the customer already has an account abroad, the bank may do him the further courtesy of depositing the money directly to his account. The flight of money through private channels has at least one advantage: its price. Bankers charge a 1-percent commission to do the job. Some foreign banks with subsidiaries in Brazil also provide a similar service for their customers by sending payment orders to the home country.

Opening a bank account abroad is surprisingly simple. Nowadays, in fact, one does not even have to travel a long distance to do it. All one need do is travel to Uruguay with new cruzados in one's pocket. There—one of the few places in the world where a Brazilian citizen can engage in this kind of transaction—it is possible to buy as many dollars as one wants and to pay for them in national currency. The exchange rate is not very favorable in Uruguay. In other countries, all one need do is enter a bank, show one's passport, and deposit a modest sum. In the United States and Europe, all the big banks will open accounts of that kind. In New York, the big financial institutions have special departments for handling customers passing through the city, and employees in those departments speak Portuguese as fluently as President Jose Sarney. Those departments do not operate like ordinary bank branches. In the first place, the employees waiting on customers do not ask questions. All the customer has to do is say that he wants to talk to an employee specializing in foreigners, and he is immediately whisked out of sight of the other customers in a polite ceremonial. The customer is taken to a small waiting room, and if he is lucky, he moves on quickly to the manager's waiting room. During the trip, he is even entitled to coffee. The waiting rooms bear a strange resemblance to the cubicles in French bordellos of the last century. There are pictures on the walls, a small table, and a comfortable sofa. But windows, almost never.

When the visitor has large sums on deposit—something over $200,000, for example—he may develop a preferential relationship with the bank. He may give it power of attorney to manage his funds by shifting them from fixed-term deposits into investments in the stock market or other investments. But he cannot give power of attorney for shifting his money to any bank official personally. That was what Rio de Janeiro businessman Francisco Catao did in the middle of this decade when he gave personal power of attorney to Venezuelan Antonio Gebauer, then a vice president of the Morgan Guaranty Trust Company. "Tony," as the banker was known, had had a dazzling career at Morgan Guaranty, and as head of the Latin America Department, he had personally managed innumerable transactions involving loans to countries and companies in the region, especially Brazil.

In 1986, when he had already changed jobs and was working for the Drexel Burnham Lambert brokerage firm in New York, "Tony" was charged with having illegally manipulated the accounts of Morgan Guaranty's customers between 1981 and 1984—and he wound up in jail. Bad luck apart, the bank's privileged customers, who become even more privileged as they add more zeroes to their accounts, may ask the bank for additional services such as hotel reservations and theater tickets and may even be shown the courtesy of being met at the airport by a limousine. One New York banker complains: "There are those who deposit millions and ask for nothing, and there are others who have barely $20,000 in their account but want hotel reservations."

A classic symptom of the difficulties that beset an economy, the caravan of dollars is behaving in accordance with a quite elementary equation: the bigger the difference between the dollar at the official exchange rate and its value on the parallel market, the larger and more animated the monetary excursion becomes. And that is the fire which is fueling, for example, the smuggling of soybeans into Paraguay. It is estimated that every year, 400,000 metric tons of soybeans produced in Brazil are sold in Paraguay for as much as 48 new cruzados per 60-kg sack, compared to a price of 16 new cruzados in Brazil. The basic reason is the difference between what is earned through legal exports and the amount that can be pocketed by selling soybeans in that neighboring country for dollars. The most bizarre aspect of this is that the soybeans go on a real excursion between the two countries: they are planted and harvested in Parana and Mato Grosso, travel to Paraguay to be sold, and return later by the same route to Brazil, where they arrive in the port of Paranagua. There they are exported—this time for real.

Return Movement

One of the strangest aspects of the flight of money is that it also moves in the opposite direction. Just as dollars travel abroad, so a good many of them wind up making the return trip—by the same invisible path they followed in leaving the country. This happens because there are few investments in the world that can give their owner an instant profit of 200 percent. That is the other side of the problem. Dollars are sent abroad because the black-market rate is high—and the bigger the amount, the higher the black-market rate becomes—and dollars are brought back because such a large profit is guaranteed only if one can exchange them for a currency as shattered as the new cruzado. That is why most Brazilians are still able with some regularity to look at a handful of U.S. currency—and $40 million moves through the parallel market every day. If it didn't, the only solution would be to beg alms for tourists. "It is obvious that the flight of foreign exchange does not help the country in any way and only harms it," says Deputy Jose Serra (PSDB [Brazilian Social Democracy Party], Sao Paulo). "The problem is that there is no government solution to this, and police intervention is also ineffective. It is a question of restoring confidence in the economy," he adds. That is the core of the problem. One can clearly imagine the benefits to the economy if those dollars remained here: among other things, it would be possible to raise the level of imports, which would have the effect of increasing production, creating new jobs, and, if all that worked, improving—according to the textbooks on economics—the living standard of most of the population. The question, however, is why this is happening here and now—and why it did not happen last year or during the 1974 oil crisis, for example.

At the very center of the difficulties are, in fact, the consecutive failures of government economic policy. An equally explosive issue is the presidential election. "Every time a presidential candidate says he is not going to pay the domestic debt, investors become frightened," says Minister of Finance Mailson da Nobrega. Neither the flight of dollars nor the fears of their owners are peculiar to Brazil. Even in a developed country such as France, for example, the election of Socialist candidate Francois Mitterrand in 1981 was preceded by a massive flight of capital that did not stop until the economy was back on track. And that, when all is said and done, is the crux of the problem. When a sign that the next administration is going to pursue an economic policy in keeping with a sound market economy appears on the horizon, dollars will return to the country quickly.

Dollar as Thermometer

The dollar spread (the difference between the official exchange rate and the rate on the parallel market) mirrors periods of economic or political crisis. The peaks also reflect a greater flight of dollars.

Political and social instability marked Joao Goulart's term as president. The spread on the parallel market reached its peak in September 1963 (65.2 percent).

The 1964 military coup calmed the black market. The spread narrowed in April, when Marshal Castello Branco became president of the Republic, and dropped to 0.0 percent in December 1964 and to -0.5 percent in November 1966.

The economic policy pursued by Roberto Campos, then minister of planning, kept the spread stable at around 0 percent for 2 years. It was up to 22.3 percent in December 1967, then dropped to 16.4 percent in July 1971.

During the Joao Figueiredo administration, the foreign debt crisis exploded, and the country entered a recession. The black market rate reflected that situation, with the spread rising to 37.4 percent in January 1976 and to 103.3 percent in March 1983.

When Minister Dilson Funaro's Cruzado Plan collapsed at the end of 1986, the dollar spread on the parallel market set a record (108 percent in November 1986).

Mailson's Summer Plan has not ended the climate of uncertainty, which is increasing with the approach of the presidential election, and the spread has set a new record (200.0 percent in May 1989).

Generous Hosts to Capital

Imagine a country like Brazil, inhabited by 140 million people and having 140 million firms. A case of delirium? No. Countries like that—with one firm for every inhabitant—exist. The Cayman Islands, a small archipelago belonging to the British Crown and located in the Caribbean an hour's flight from Miami, has 18,000 inhabitants. Its small territory also encompasses nearly 17,000 firms and 500 banks. The explanation for such a preposterous situation is simple: The Cayman Islands are a tax haven, a name used to describe countries which, in order to attract money from abroad, collect little or no income tax, ask no questions about the source of the money crossing their frontiers, and place practically no restrictions on the establishment of firms. As a result, they attract thousands of firms, most of them fake, that have been set up so that large fortunes can escape the tax authorities of their own countries.

For Brazilians, establishing a firm in a tax haven is the surest way to set up a bank account abroad for dollars from Brazil without anyone's leaving the country—not even one's wife. The setup is ingenious. Operating in New York and Europe and, just recently, in Sao Paulo and Rio de Janeiro are large law offices which, for an expensive fee, will set up accounts for highly recommended clients in tax sanctuaries like those in the Caribbean. The citizen goes to an accredited office either in Brazil or abroad and arranges to establish a firm in, say, Panama. Just as an example, let us say that he calls his firm "Everything for Social Affairs, Inc." The lawyer, having contacts in Panama, takes care of setting up the firm, which will cost our citizen $600 annually for the local government and $200 for its board of directors, consisting entirely of Panamanians.

Once Everything for Social Affairs, Inc. is established, its Panamanian directors send a power of attorney giving the American law office full authority to open, transfer, and close accounts. The lawyer consults the client, both choose the bank where they want to put the money, and an account is then opened in the name of the law office, which authorizes the client to handle the account. Thus the bank does not know who the owner of Everything for Social Affairs is, the Panamanians do not know who the law office's client is, and the secret remains between the depositor and the lawyer. Transactions such as this are intended mainly for tycoons who will handle millions of dollars, because the price charged by the lawyers to establish a firm can go as high as $15,000 in Sao Paulo, including the cost of setting up the firm itself and the lawyer's fees. But it is known that a single office in New York has set up 1,200 firms in tax havens just for Brazilians.

Even a hypothetical official investigation of the firms in most tax havens would reveal little. A firm in the Cayman Islands, for example, is not required to tell the government who its stockholders are.

Cost of Starting a Firm in the Best Tax Havens

Country	Cost ($1,000's)
No taxes collected	
Panama	2.0
Cayman Islands	2.8
Bahamas	2.8
Jamaica	2.8
Gibraltar	2.8
Liechtenstein	5.5
Taxes collected	
Uruguay	2.5
Holland	4.0
Switzerland	9.0

How Dollars Leave the Country

The most common means of transferring money are these:

- Intermediary—This is the most common means of transferring dollars to bank accounts abroad. The individual interested in doing so visits the crook on the corner and provides him with new cruzados. The latter then telephones or telexes his bank abroad with the request that it transfer the value, converted into dollars, from his own account to that of the customer.
- Underbilled exports—This is considered the most common and the easiest means of getting dollars out of the country illegally. The exporting firm tells CACEX that it is selling its product at a price lower than that actually agreed upon with the customer. The difference does not even enter the country—in accordance with a separate agreement, it is deposited in an account held by the Brazilian firm abroad.
- Overbilled imports—The Brazilian importer claims to be paying more for the imported product than is actually the case. For example, a firm applies to CACEX for a permit to buy $11 million worth of machinery in Italy when the actual price is $10.5 million. Through an informal agreement, the selling firm in Italy deposits the difference in an account held by the Brazilian purchaser abroad.
- Soybean smuggling—Smuggling through Paraguay is a ruse used by soybean and coffee exporters to earn more. The exporter fills a few trucks with one of those products, takes them to Paraguay, and sells the product for dollars. He can then exchange that money for new cruzados on the parallel market or remit the dollars to his bank account abroad.
- Money in the suitcase—The most rudimentary and riskiest way of taking dollars abroad is to fill a briefcase with banknotes. The airports have X-ray machines that can detect money if the police officer is paying attention to the screen. Dollars scattered around on one's body or in the form of a check usually get by. Luggage is also a way of transporting money because it is not inspected, but there is the danger of losing it.
- Operation Bicycle—An investor buys a Brazilian firm's certificates of indebtedness abroad and offers a discount if the debtor will pay off the debt in new cruzados in Brazil. So far, this is a legal transaction, since the capital remains in the country. But the bicycle has another "wheel": the money is converted into dollars on the black market and remitted abroad.

Soybeans Visit Paraguay

With its population of 50,000 and its economy based on agriculture and stockraising, Ponta Pora in Mato Grosso does not look very different from other quiet towns in Brazil's interior. But the tranquillity suggested by its wide, tree-lined streets conceals an activity which is not tranquil at all. The town is one of the largest centers for the smuggling of Brazilian soybeans into Paraguayan territory—a sluice for foreign exchange that causes the country to lose $1 billion every year. Located 335 kilometers from Campo Grande, Ponta Pora became a distribution center for soybeans because it is on the frontier, with only an avenue separating it from the Paraguayan town of Pedro Juan Caballero.

One's attention in the town is drawn to the existence of 47 grain companies that store and market grains—many of them located right on the boundary line. "While the purpose of the producers is to sell cereals to the southern part of the country, there is no reason for the existence of so many silos here except smuggling," suspects Police Chief Francisco Viana de Queiroz, head of the Ponta Pora Division of the Federal Police. His suspicions are justified. In neighboring Pedro Juan Caballero, there is an even larger number of grain companies. The grain companies are used to store the product before it is smuggled to the other side. It is estimated that 200,000 metric tons may be stored in Ponta Pora's silos. The trucks carrying the smuggled goods do so inside the urban area itself, since all they have to do is turn a corner and they are in a different country—and safe. On Wednesday of last week, Dilson Schettert, the manager of Agricultural Union, Ltd.—one of the grain companies—ran out of luck when he tried that trick in the middle of the day. He was caught in the act by Federal Police as he was headed for Paraguay in a truck. His arrest resulted in the confiscation of 1,500 metric tons of soybeans stored in the company's warehouse, along with 18 farm machines and the truck.

Actions such as that and roadblocks in the streets are part of an effort undertaken by police to try to hinder smuggling. In Ponta Pora, Federal Police manpower, which normally numbers 30, was reinforced by the addition of 150 more men at the end of April. According to Police Chief Queiroz, that action has had the effect of reducing the flow of trucks headed for Ponta Pora with a load of soybeans from a daily average of 200 a month ago to about 10 a day at present.

But according to comment in the town, police are a long way from stopping the illegal exports. Even with reinforcements, Federal Police have no way of controlling 700 km of barren frontier where there are countless roads leading to the other side. Moreover, the smugglers have other means, such as falsifying documents for transporting the goods inside Brazil as though those goods were Paraguayan and exporting them in the name of the neighboring country—an operation that eliminates the need to take the soybeans to Paraguay first.

Government's Good Deed

This week the National Monetary Council is expected to approve permission for individuals requiring medical treatment abroad to convert money into dollars at the official exchange rate—resulting in what has been dubbed the "health dollar." The measure in question, which was approved by Minister of Finance Mailson da Nobrega on the 19th of this month, corrects an injustice which the government committed when it established the tourist dollar at the start of this year. In recent months, individuals needing to go to other countries for a bone transplant, for example, have been forced to use the tourist dollar, whose price is set on the black market. With the increasing spread between the parallel dollar and the official dollar rate, medical expenses paid in foreign currency were becoming increasingly expensive for Brazilians.

Under the health dollar system, money exchanged at the official rate can be sent abroad to pay medical and hospital expenses and expenses in connection with the use of ambulances, medical apparatus, prostheses, wheelchairs, and special foods prescribed by a physician. Other, unsubstantiated expenses are allowable up to a maximum of $3,000, and up to $150 per day can be spent for a a companion. But the health dollar will not be authorized for all types of illness. It can only be used in the case of illnesses not treatable in Brazil through the INAMPS [National Institute for Social Security Medical Assistance] system. That institute will soon publish a list of illnesses for which the health dollar can be used, and it will issue an opinion in each case so that the individual concerned can exchange money at the Bank of Brazil's Foreign Exchange Department.

Last week the value of the dollar in terms of the deutschemark rose very rapidly, as follows: on 21 April, it was worth DM1.85; on 1 May, 1.89; on 12 May, 1.92; on 17 May, 1.96; and on 22 May, 2.01.

Atomic Residues Removal To Final Site Planned

PY2806010089 Brasilia Domestic Service in Portuguese 2200 GMT 27 Jun 89

[Text] The National Nuclear Energy Commission has announced that the atomic waste will be removed from Goiania. Radioactive residues from the accident that occurred with a cesium capsule will be removed from the city of Apaciana, Goias State, by the end of this year. The atomic waste is now being stored in scores of drums, mixed with lead and cement, and it is causing apprehension in the population.

The president of the National Nuclear Energy Commission, Rex Nazareth, said today in Goiania that by the end of this year the radioactive residues from Apaciana will be removed to a final dumping site. According to him, that site will be chosen in an area which will cause the least enviromental and socio-economic problems. The operation will be conducted without any secrecy. He added that it should be made very clear that the waste now stored in Goias does not pose any risk whatsoever for the community. Rex Nazareth said that he has a certificate issued by (?CNEA) technicians, and that the inhabitants of that area need not concern over this matter since there is no safety risk.

Chile

Strong Effort Made To Expand Foreign Ties

Mission Seeks Trade Relations

PY2806033489 Santiago EL MERCURIO in Spanish 20 Jun 89 p B-12

[Text] At a meeting held in Berlin between the board of directors of the GDR Foreign Trade Chamber and a Chilean commercial mission headed by Daniel Platovsky, president of the National Chamber of Commerce, the need to reopen the GDR commercial relations office in Chile was noted, as a first step toward normalizing bilateral trade between the two countries.

According to information provided by the National Chamber of Commerce in Santiago, the agreements so far reached in the GDR might represent in the future a trade increase of about $2 million a year. This, according to Platovsky, "is a small step, but it signals a positive trend.

Platovsky also said that the GDR Foreign Trade Chamber representatives have a clear idea of developments taking place in Latin America and consider Chile in a better economic position to become a good trade partner.

The official participation of Chile in the Leipzig Fair (May 1990) and that of the GDR in the FISA [Santiago International Fair] was considered at the meeting in Berlin.

The 18-member Chilean mission is now in Warsaw, where it will hold meetings to discuss closer commercial ties with Poland.

Diplomatic Officials Named

PY2706162489 Madrid EFE in Spanish 2226 GMT 26 Jun 89

[Text] Santiago, 26 Jun (EFE)—Chilean Chief of State Augusto Pinochet today ordered the opening of new relations abroad, including countries such as Hungary and Poland.

This information was revealed today by the Chilean Foreign Ministry. The information indicates that Pinochet has authorized the reestablishment of relations with Hungary and Poland, which were broken off in 1973 after the coup that placed Pinochet in power.

According to the Chilean Foreign Ministry, "the political evolution and the openings that Eastern European socialist countries have experienced have opened the opportunity of renewing diplomatic relations."

Jaime Lagos, currently bilateral policy director of the Foreign Ministry, has been named consul general in Warsaw, Poland. A Chilean representative will be named in the near future to Budapest, Hungary.

The Foreign Ministry reports that "our exports to European socialist countries increased from $58 million in 1987 to $138 million in 1988."

The Foreign Ministry has also reported that Ronald Geiger, a ministry offical, has been named charge d'affaires in Malaysia, and Hernan Sanchez has been named ambassador to Portugal.

Enrique Campos, current Chilean ambassador to Spain, has been named concurrent ambassador to Greece.

Finland To Establish Embassy

PY2706234089 Santiago EL MERCURIO in Spanish 21 Jun 89 p C-6

[Text] Ilpo Maninnem, the new Finnish charge d'affairs, yesterday reported that the Finnish Government will establish a permanent embassy in Santiago as of July.

Maninnem paid a courtesy visit to Chilean Foreign Minister Hernan Felipe Errazuriz. Thus far relations between the two countries have been handled by concurrent ambassadors. The Finnish ambassador to Argentina was also the Finnish concurrent ambassador to Chile.

The Chilean Government will establish an embassy in Helsinki and will designate a charge d'affairs.

It should be noted that Finland has invested $40 million in La Escondida mine. This fact, and the need to increase trade exchange could be the main reasons why the Finnish Government has decided to establish a permanent embassy.

First Quarter Trade With PRC Shows Surplus

PY2806000489 Santiago EL MERCURIO in Spanish 19 Jun 89 p B-2

[Text] During the 1st quarter of this year, the level of Chilean-PRC bilateral trade has topped $33 million, showing a deficit of nearly $15 million against the Asian country. Chile only imported $9 million worth of goods from the PRC yet exported $24 million to that country. This information was provided by the commercial counselor of the PRC in Santiago, Zhu Ruiqui.

He explained that crude oil is the main product Chile imports from the PRC, but noted that shipments have not been made during the 1st quarter of this year. This fact is reflected in the level of trade between the two countries.

Zhu Ruiqui revealed that his country maintains a deficit in its bilateral trade, although this has been decreasing in recent years. He said that this bilateral trade reached the $149 million mark in 1985, with a deficit of $101 million against the PRC, and a level of $131 million in 1986, with a deficit of $71 million for his country.

In 1987, the bilateral trade attained the $135 million mark, with a PRC deficit of $21 million; and in 1988, it reached a level of $154 million, with a deficit of $44 million against the PRC.

Zhu Ruiqui said that economic and trade relations between the two countries are good, and revealed that it is the third largest in Latin America, after Brazil and Argentina.

He said that Chile imports from PRC traditional products such as fabrics, textiles, porcelain goods, gauze for medical use, bicycles, tools, and machinery. He added that nontraditional products Chile imports from the PRC are ships, equipment for hydroelectric miniplants, and others.

The PRC commercial counselor said that a Chilean mission has just returned from the PRC where the purchase of trolley buses to be used in Santiago was discussed. He added that possibly by the end of this year Chile may have purchased several dozens of those vehicles. Trolley buses have been used in large cities in the PRC, helping to reduce air pollution.

As for products Chile exports to the PRC, Zhu Ruiqui said that although their number is not large, their value is important and, among them, he mentioned copper, cellulose, timber, wood logs, newsprint, fishmeal, and saltpeter.

Extension of Short-Term Loans Requested

PY2706203489 Santiago Radio Chilena Network in Spanish 1700 GMT 27 Jun 89

[Text] Finance Minister Enrique Seguel has informed that the government has proposed to the foreign banking sector a 1-year extension for short term credits that mature on 31 December 1989, which amount to $1.7 billion per year, and which are earmarked to finance Chilean imports and exports. Seguel explained that the proposal is designed to ensure finance for Chilean foreign trade during 1990.

[Begin Seguel recording] There has been a positive reaction to our proposal from the Committee of Banks, with which Chile deals, and through them with the international financial community. We have the support of the members of the Committee of Banks. They have informed the international financial community of our desire to extend payment of our financial commitments until 1990. Our proposal also includes a reduction on the maximum interest that the international banks charge on credits [words indistinct]. [end recording]

Although this proposal has been approved by the Committee of Banks, which represents 130 creditor banks, it still has to be approved by each individual bank before 24 July.

Minister Seguel ended by stating that the rescheduling of short-term commitments, and the reduction of interest rates, represent recognition by the international financial community for the progress experienced by the Chilean economy.

Central Bank Reports Current Foreign Reserves

PY2806023089 Santiago LA TERCERA DE LA HORA in Spanish 23 Jun 89 p 21

[Summary] The Central Bank has reported that its foreign reserves position on 31 May was $4,091,000,000, of which $2,901,200,000 was gross foreign reserves and $1,184,800,000 was IMF credits.

* Two Factions Seen Emerging in Government

* Effect on Election Viewed

33480182 Santiago CAUCE in Spanish 24 Apr 89 pp 10-12

[Article by Jose Joaquin Brunner: "The Strategy of the Hardliners"]

[Excerpt] As the December elections draw near, it is becoming increasingly evident that the government is still not convinced of the need to transfer power to those who would normally win in an open, competitive, informed election. It is also clear that the two internal factions of the government: the hard and softliners, do not share the same views. It is nevertheless the former, the group closest to General Pinochet, who conduct government strategy, leaving it up to the softliners to tone down the image and do the work of public relations with the opposition. Thus it is that while Caceres carries on a dialogue from the Interior Ministry about possible constitutional reforms, the hardliner group creates a negative climate which will gradually abort that dialogue and generate the conditions for making sure that election results are favorable to the official party or, in the worst of cases, limit them to the point of making any government elected by the opposition unviable. Consequently, while the hardliners write the lyrics and play the music, the softliners are walking the tightrope.

Winning Without Competing

Very early on, analysts in the hardliner group came to the conclusion that an open, competitive, and informed election could not be won by any candidate of the regime. They have even accepted the fact that after what happened on 5 October, they cannot win with Pinochet as a candidate. The problem facing the front is how to win with Pinochet, knowing he would lose a normal election. The key therefore resides in turning the election into an uncompetitive process. For that purpose, a strategy is shaping up whose maximum goal is to have an election with a single candidate or, alternatively, whose minimum goal would be a semicompetitive election in which, if the opposition should win, the result would be a blocked, sterile democratic government. The hardliners think that in either case, the government would emerge victorious and, what is even more important, that Pinochet would keep control of power, directly in one case and indirectly in the other.

Strategic Steps

In order to move forward with their strategy, the hardliners have taken a chain of successive steps which keep its maximum and minimum options open. First of all, Pinochet himself has not revealed how he will play his cards in the election process. From an original position of abstinence, claimed by Caceres as a triumph of his softline strategy, Pinochet rapidly went on the offensive, declaring several weeks ago that he would let his supporters know whom they should support in the next presidential election. Since that time, clues from him have been ambiguous and demonstrated that he is not ready to yield to the stratregy of the softliners. Spokesmen closest to Pinochet immediately insisted there was no better candidate than Pinochet himself and the National Vanguard has declared that other candidates on the right would be nothing more than political "cadavers." The third step: The government is imposing a system of elections which practically guarantees the official party 50 percent of all parliamentary seats with only a third of the votes. The next step: Pinochet and the hardliners will limit the area in which Caceres and his backers can move, requiring that any constitutional reform leave untouched the quorums for future modifications of the constitution and the military majority on the National Security Council. The last two measures—the imposition of an electoral system that is neither representative nor proportional and restrictions on any future reform of the constitution, especially the National Security Council—already tend to guarantee the minimum goal of the hardliner strategy. Under such conditions, if the opposition should win, the president-elect would be corraled in an arena in which he cannot rely on a majority in Parliament or reform the constitution and remain subject to the tutelage of the Armed Forces and the "supervision" of Pinochet, their commander in chief. The fifth step: With the Army out front and a group of anonymous officers immediately behind, they threateningly proclaim that Pinochet will continue to occupy center stage and that any attempt to remove him could clash with the military. Finally, the new step taken last week: The government proposes to liquidate free political propaganda space, thereby announcing that it does not intend to guarantee open, competitive, and informative elections, but rather, at best, a sham of semicompetition from which any victorious candidate might emerge who, like Buchi or another, would have the resolute support of the government, its resources, and of businessmen and their money.

Maximum Goal: Always Pinochet

The hardline sectors dare not play a losing game. Rather, they accuse the political leaders of the Right, especially the National Renewal [RN], of playing such a game. They accuse it of trying to become independent of the government, of having turned its back on Pinochet, and of being exclusively interested in building its own partisan platform for the future. Their attacks are symbolized in the person of Sergio Onofre Jarpa and the doubleplay includes Andres Allamand, whom they blame for being one of the mentors of the new rightist leadership.

For their part, the hardliners engage in a different but simple calculation. There is no way of winning in an open competition, they say. Pinochet already lost on 5 October and no one can outdo his framework of votes. They add that the opposition is in the process of resolving its internal tensions and will end up unilaterally putting up a single candidate and proposing a common parliamentary formula. Under such conditions, they conclude, there can be no doubt that the opposition will win. Pinochet would then have to transfer power to a "grand coalition" including all the "enemies" the government has unsuccessfully tried to eliminate. This should be avoided at all costs. From this standpoint, the ideal of the hardliners is not having to face elections at all or for them to be done away with. For the time being, they figure, this is not possible.

But it is possible, the hardliners argue, to produce conditions so inequitable and manipulate the election process in such a way that in the long run, it will be unacceptable to the opposition. Once this situation has been achieved and future elections appear to be in grave doubt for most of the country, then one could obtain the maximum goal of the hardline sector's strategy: an "election" with only one candidate which could assume several forms, each of them built around the constitution.

On the Brink of Danger

We are therefore on the brink of danger. Minister Caceres is walking a tightrope and his desire for dialogue will very likely disappear soon, as already insinuated in the dispute with trade union leaders, a measure the hardline sector favored as another way of hardening the climate and raising the cost of negotiating. The legislative proposal to exclude the opposition from television runs along the same lines: disturbing the climate and, if elections should take place in the future, reducing the competition to a mere sham. Given the possibility that there might be a plebiscite, it could be used to reform the constitution and thus lead to a legal candidacy of Pinochet.

In short, what they seek is to destroy the future election's legitimacy in guaranteeing the transfer of power from the government to the opposition, engage it in such a climate of polarization, conflict, and complete insecurity that using it becomes increasingly difficult and more costly for the opposition. Only under such conditions, in fact, would the doors be open for the emergence of a "rescue": the return of the elected leader to intervene and sacrifice himself once again for the nation....

Distribution of Forces

The immediate future of the Chilean political process will depend to a great extent on the distribution of forces inside the regime. The hardliners have Pinochet, his close circle of military and civilian backers, the National Vanguard, and the hinge position of the UDI [Independent Democratic Union], which tries to form a link with the camp of softliners. The latter have a few figures in the Cabinet, headed by Caceres, the support of the National Renewal and other smaller parties grouped around the RN, and the expectant position of businessmen, whose "pragmatism" on such matters is a well known fact. The potentially unstable factor in this equation of forces is the Armed Forces. The Army's institutional loyalty to Pinochet has so far tipped the balance in any questionable situation to the hardliners, as shown in the preplebiscite phase and Pinochet's appointment as candidate for the event. Now the hardliners once again need the Army's support and in order to get it are ready to play their trump card: the political loyalty due Pinochet. [passage omitted on possible Buchi candidacy]

* Fallout From Cabinet Shakeup

33480182 Santiago CAUCE in Spanish
1 May 89 pp 10-12

[Article by Jose Joaquin Brunner: "To Resign or Not To Resign"]

[Excerpts] The 50th change in the Military Government's Cabinet came about with extreme speed. The

Cabinet shakeup was the second in less than a month, but this time it was not a matter of any routine reorganization. Both the resignation of the team headed by Minister Carlos Caceres as well as the makeup of the new team which has no significant modifications compared with the former show the unstable balance of forces existing in the military regime. The arbitrator between hardliners and softliners is Pinochet, whose soul is with the former, while prudence and his gradual isolation and weakness force him to identify with the latter. In the resigning Cabinet and the new one emerging, Caceres represents caution, while Hugo Rosende, the hardline minister, is closer to Pinochet's soul and desires.

Constitutional Reform

The issue of constitutional reform set off the recent Cabinet crisis. CAUCE observed last week that "while the hardliners write the lyrics and play the music, the softliners walk a tightrope." But the tightrope broke at the place of greatest tension. Caceres wants to impose his proposed reforms which, without satisfying the proposal supported by the National Renewal and the Concertation of Parties for Democracy, nevertheless seeks to come close to it so as to rapidly arrive at a plebiscite which, if it should occur, would pave the way for a possible Buchi candidacy.

According to sources close to the "soft" Right, the proposal that Caceres submitted to Pinochet last week initially had the latter's approval. It included a new draft of Article 8, reduction of the presidential term of office to 4 years, minimum relaxation of mechanisms for reforming the constitution, the addition of a civilian member to the National Security Council, and an increase in the number of members of Parliament, keeping the number of appointed senators the same. According to these same sources, no sooner had Pinochet given his initial approval to Caceres' proposal when the hardliners began to bring strong pressure to bear on him, recommending that no change whatsoever be made in the constitution and, as the periodical QUE PASA reported, also suggesting that he "remain in office."

Crux of the Matter

And yet, the crux of the matter during the Cabinet shakeup does not seem to be whether or not to reform the 1980 Constitution. Even at this point it is still not clear what the fate of the reform initiative will be. Rather, the bone of contention in this continuing struggle between hard and softliners is the very decision to "basically" commit the government and the Armed Forces to a process of transferring power from Pinochet to the president and the Congress the people elect in December.

Indeed, the softliners have embarked on a long-range global strategy: They want at one and the same time to negotiate constitutional reform with the opposition, put up a candidacy that will guarantee them strong representation in Parliament, and make an election shift to the Center so as to become a force that in the future can successfully ensure access to the nation's government. Given his limited possibilities, Caceres is working within the framework of this strategy. To do so, he has promoted dialogue with the opposition, is discreetly pushing the Buchi candidacy, and is remaining in close contact with the National Renewal.

Strategy of Hardliners

For their part, the hardliners know they cannot articulate a long-range strategy. They do not have sufficient strength or voter base. In the final analysis, their only trump card is Pinochet and, through him, the possibility of relying on the Armed Forces. Consequently, the hardliners' action is reflexive and disorganized, exercising a right of veto bestowed by their closeness to Pinochet.

Indeed, since 5 October, the hardliners have moved erratically. First they choose a candidate for president, Pablo Rodriguez, then abandon him the next day, realizing he cannot bring along any effective support. Then they ask Pinochet to be their candidate, only to be confronted with the fact that this would only be possible through the constitutional reform they want at all costs to avoid!

At day's end, the only thing they can do is block the softliners' strategy and seek shelter under Pinochet's wing, encouraging their leader to make a new move and regain the power lost. They briefly proclaimed victory last week, taking credit for the fall of the Caceres Cabinet. However, they soon had to admit their mistake and accept the return of Caceres, now stronger than ever, although still continually harassed by the hardline sector.

Buchi Problem

But time is against the hardliners, constantly narrowing the field of maneuver. As a result, their last move—hastening the resignation of Caceres and his team—must be understood, not only as an attempt to abort the constitutional reform, but in addition, as a well calculated move in reaction to the Buchi candidacy, one aimed at preventing it from materializing. They know that if the right ever puts up a strong candidate, that will be the day when Pinochet is finally reduced to his true dimensions: a chief of state who has suffered an election defeat and who can do no more than decorously execute the rites surrounding the transfer of power while his future is left up to the judgment of history.

The urgency with which the Cabinet was asked to resign just before Buchi returned from his personal limbo and proclaimed his decision to participate in the election campaign (which decision he had already indicated in agreeing to appear on a television program "for candidates" on 15 May), is evidence of the hardliners' wish to pull the rug out from under the feet of the emerging leader of the softliners. What they could not have imagined was that Pinochet's power, even in his own government, would gradually decline after 5 October. If we are to believe what sources inside the government itself say, what happened this time with respect to the crisis was that Pinochet could not even impose his decision on the government Junta. The Armed Forces seem to have dissuaded him from taking this step, which in the long run would only make the existing political picture more difficult and limit Buchi's chances. Consequently, without even trying to do so, the latter emerged stronger, now appearing as a "dove" among the "hawks" and thereby consolidating his image of independence vis-a-vis the regime and geometric aloofness from Pinochet. [passage omitted on possible Buchi candidacy]

Cabinet and Pinochet: Temporary Balance

In the midst of this unstable field of opposing forces, Pinochet proceeded to reorganize his Cabinet once he had, with the backing of the hardliners, brought about its resignation.

As this analysis shows, there was nothing to prevent Pinochet from having to retreat and once again accept a Cabinet headed by Caceres or someone following the same line, albeit with a different style. The softliners have in fact built up their strength since 5 October, led by a shrewd policy of the National Renewal which its president, Sergio Onofre Jarpa, introduced the very night of 5 October. Its principal feat, as demonstrated by the recent Cabinet crisis, was to convince at least certain branches of the Armed Forces that the country has to overcome Pinochet's "personalized power" and move toward democracy. Their most effective argument is that Pinochet no longer represents any future option and must consequently be left behind.

However, it may be that the hardliners gained control, that Pinochet let himself be carried away by his own inner desires and passions. Under such circumstances, a stormy, unstable period would have opened up, for it appears clear that the hardliners cannot offer the country "governability" or ward off a direct clash between the regime and the majority factions of the right.

It is true that Pinochet did not reorganize the Cabinet to give the softliners all the tools they needed for victory. He has retained exponents of the hardliners in the Cabinet so as to make sure that in the future he will still have room to maneuver and continue to play the role of arbiter. In other words, Caceres emerged stronger, but not triumphant.

Personalized Power

Personalized power, which is what Pinochet has enjoyed all these years, has its own logic. It is emotional power, power tied to changing motivations and scarcely subjected to the broadest rationalities of social groups, parties, ideological factions, or the stable, long-range interests of institutions or corporations.

Recently, Pinochet has tirelessly repeated that he is available. He constantly reiterates, as he did in November, that: "I am willing to continue to perform all the duties they may impose upon me". (27 November) He was even clearer in March: "If they tell me to continue, I shall. If not, I shall withdraw. That is the people's problem, not mine". (15 March) The message is unmistakable: I want to, I can, but I need them to call upon me, push me, create the conditions so that I can continue to hold power. Such is the innermost thrust of the soul of personalized power. The fact that the people responded with a clear and resounding "No!" in October is viewed from that angle as a mere accident, attributable, in the best of cases, to spurious reasons (foreign money, for example) rather than to the "people." Personalized power has no reasons. It is power that calculates and is subject to the vicissitudes of the forces at play. It is that very interplay of forces that will decide what happens in the weeks to come. In the most recent events, Pinochet's power emerged shaky, for it is now more limited and subject to growing restrictions. If this should signify that the Armed Forces have adopted a more realistic vision of their own role and of the country's interests, then a big step will have been taken toward making the transition to democracy possible.

* PCCh Views on FPMR, Rebellion Analyzed

33480200 Santiago CAUCE in Spanish
29 May 89 pp 6-9

[Text] Since they exist as political concepts and not just as mere directions in space, the terms "right" and "left" have represented the names for conservatism and change, respectively. Consequently, to be of the "right" should mean a permanent attitude of rejection of change. To be of the "left," by contrast, can only mean a passion for change.

Nevertheless, and paradoxically, in practice left and right wing groups tend to behave in a way which is the reverse of what should apply to them, in accordance with these generally accepted roles, principally in the world of definitions and concepts. For example, it is common to see the "right" move with ease from one concept to another, destroying what it adored until yesterday, whenever such action favors its interests. In Chile we have moved without any great problems between the expressions of "capitalism," "a social-market economy," and "a free society," always referring to the same thing. On the other hand, the "left" tends to do precisely the opposite, holding onto concepts in a melancholy way even when they have changed their meaning or simply no longer mean anything. For example, this process has occurred during the last few years with the expression "dictatorship of the proletariat." It has been turned into a growing headache for a substantial part of the "left," which insists stubbornly on keeping it among its principles, despite the fact that on every occasion it must explain that "in reality we are not talking about a dictatorship but rather of a higher expression of democracy, etc."

To understand this last phenomenon, perhaps it would be necessary to refer to the complex of infallibility. From Marx onwards the idea of "leftist" criticism of the social order in force dressed its rejection of the established order of things, as it should have done, in scientific language. This phenomenon, brought to its highest expression by Lenin and even turned into a supposed "science of Marxism-Leninism" as the official ideology of a certain sector of the "left," automatically gave it the gift of infallibility. This is something similar to what happened to the Roman pontiff when he assumed the Papacy. Consequently, for this sector of the "left" no errors are possible, which forces it to refuse to change its definitions.

Same Concept, Different Meaning

A situation of this kind seems to have been created regarding the conclusions which the Communist Party of Chile [PCCh] reached as a result of its 15th Congress. Beyond any doubt, the crucial point was that of the Mass Popular Rebellion (RPM). As we may recall, this concept made its public debut in September 1980, defined as the line which the party was adopting at a time of "harsh, difficult, and inevitable struggle," provoked by a regime against which "the people have no other course to follow than to make use of the forms of combat which will help it, including sharp violence." And the matter did not remain limited to definitions. After this time the activity of the Communist Party moved quickly in the direction indicated by the concepts, to the point that shortly thereafter the Manuel Rodriguez Patriotic Front [FPMR] was established, and an intense political and military struggle was begun. In that context a substantial quantity of arms was accumulated, which was ultimately seized by the very regime against which they were intended to be used. 1986 was defined as the year in which conditions had developed which created a "revolutionary situation." In that same year an attempt was made to kill General Pinochet.

However, times and circumstances changed, and the Communist Party, for better or for worse, wound up accepting the fact that there was no "revolutionary situation." Instead, it adjusted itself to a rather distant objective of "sharp violence," including the registration of its members on the electoral rolls and acceptance of and participation in the plebiscite. Consequently, it was appropriate to suppose that the 15th Congress of the party would take the situation into account and develop a new line. Nevertheless, to the surprise of many people, Volodia Teitelboim, the new secretary general elected at the same congress, stated that the party line was the same and that what had happened was that up to now this line had been badly interpreted. That is, other people were mistaken, but not the communists. In an interview given to a small group of reporters shortly after the congress was over he explained that the PRPM [Policy of the Mass Popular Rebellion] was not what people thought or understood but rather something less complex and dramatic. It simply dealt with "the decision absolutely to fight with the greatest perseverance, with all of the left and the whole opposition to advance toward the end of fascism, to achieve and deepen democracy, guaranteeing the full exercise of the people's sovereignty." Going even further, Teitelboim stated that the decision of the party to turn to electoral activity had been made precisely because this activity was an expression of the line of the Mass Popular Rebellion.

In short, it had happened again. Infallibility had again functioned, and the same concept had served to mean two different things.

Projecting Toward the Future

Or perhaps not. Perhaps the real meaning of the PRPM has not changed so much, and what was announced publicly by the new secretary general was an excessively bland version of the agreements and conclusions reached by the Communist Party congress. This possibility comes out clearly from a careful reading of the report of the Central Committee, presented to the congress and approved without change by it, in which the decision to go over to electoral activity is rather less emphatic. On the other hand, what comes out much more clearly is the reiteration of the original meaning of the PRPM. For example, it is stated in this document that this line, in addition to moving forward toward the end of fascism and deepening democracy, is contained in a "strategy of power for the people," linked "to the need for having the capabilities to lead the masses and engage in combat on all fronts where this is needed." The report adds, in order to leave no room for doubt: "The requirement to control the most diverse forms of struggle, adequate for every moment and clearly resolving its proper integration, is a condition for achieving success."

In the report the section referred to above is not limited only to the area of principles or general definitions. It is applied directly to evaluate the policy of the Communist Party during the previous years and even to project this policy into the future. In that context is included the analysis of the "ripening of the revolutionary situation and the preparation of the National Uprising" which the Communist Party thought existed in 1986. The communist description of the facts at that time is as follows: "The situation in this respect was highly favorable. Strong ties had been established between the working class, the farmers, the students, the professional classes, and major sectors of the middle class, such as proprietors of trucking firms and businessmen. The left was united under the flag of the Popular Democratic Movement [MDP]. The opposition as a whole was then for social mobilization and cooperation and, in fact, for a political agreement." What could have happened that this program, which was very favorable for revolutionary consumption, in the Communist Party's view, should have collapsed? The answer was very simple: "Imperialism, with its gigantic, interventionist resources, was fully used to decapitate the social mobilization, to divide the opposition front, and to isolate the communists. It influenced various sectors of the bourgeois and petty bourgeois opposition. We did not precisely foresee the extent and methods of its conspiracy. Neither did we anticipate the behavior of the opposition bourgeoisie, in particular the Christian Democratic Party which, frightened by the strength of the struggle, abandoned the mobilization, influencing even some sectors of the masses."

And without stopping for further consideration of the fact that it does not appear proper, under any circumstances, for the "bourgeois opposition" or the "petty bourgeoisie" to support the communists in their efforts to convert a "revolutionary situation" into an effective revolution, the Communist Party added emphasis by restoring the full applicability of the principle of infallibility. It stated: "We were and we continue to be convinced that the open and decisive struggle of the people was and is the most correct and shortest way to regain our freedom. The defection of the bourgeois opposition occurred, which took away the necessary forces to achieve the proposed objective. It was not the people who failed in their desire to make 1986 the year when tyranny came to an end."

And this criticism of those whom it still seeks as allies extends to the policy followed by them and which culminated in victory in the plebiscite. The statement went on: "The change in attitude by the bourgeoisie was followed by their incorporation into an 'institutional' course to put an end to the dictatorship, without the risks for the bourgeoisie of a solution in which the frontal, mass struggle plays the principal role." This characterization of the "risks"—or the pretensions—of the "frontal, mass struggle" coincides perfectly with the evaluation that the Communist Party itself makes of the present situation and what it would like to have happen in the future: "The events of 18 April, the day of the national strike called by the CUT [United Labor Federation], and the notable scope which the activities in towns and residential areas of the people achieved that day confirm that the deployment of a higher quality struggle is an integral part of the practical activities of the masses, which will continue to develop in the future."

Forward With the Front

Compared with the enthusiasm of Volodia Teitelboim for electoral activity, these written statements made by the Communist Party are much more consistent with the official position of the party at the time of the party congress regarding the FPMR. This position, enunciated first by Volodia himself and then ratified by Jorge Inzunza, a member-elect of the Political Committee, stated that "they (that is, the front) do not obey orders from the leadership of the Communist Party, nor does the leadership of the Communist Party seek to impose itself on them. We are not in a position to give orders to anyone, except to speak to our members. They have to understand that their job is to assemble the forces needed to defeat the dictatorship, particularly in 1989, when the presidential and parliamentary elections will be major developments." The previous remark was made by Teitelboim who, when asked specifically about whether it should be understood as an order to the communists who are members of the FPMR to continue with the electoral struggle, stated that this was not the case. However, he said that if they read the congress document, they should understand on their own that the will of the party was essentially to involve itself completely in that form of struggle. Up to this point we have given Volodia's interpretation of what the members of the party should infer from his speeches. The members of this party, in all other areas, are accustomed to receive precise instructions and not suggestions.

For his part Inzunza explained on 23 May at the "official" press conference after the congress that the communist decision regarding the armed struggle only reflected the obligation of any organization responsible for appreciating what reality is. In this case that kind of reality had been imposed on the people by the "military clique" which staged the coup d'etat of 1973, with all of its consequences. However, he stated that the resources and capabilities which the Communist Party had brought together to discharge its responsibilities would be used in a democratic way. He pointed out that any idea to the contrary would merely reflect the fallacies which Elliot Abrams had taken it upon himself to spread. The reporters had the just-published text of the announcement of the 15th Congress of the Communist Party before them, in which it was stated specifically that in the future, in the midst of a "bourgeois democracy," it could follow the strategy of a Mass Popular Rebellion, provided that it contained "permanent elements which enrich our revolutionary policy, which it considers as the central feature of the conquest of power by the people." The reporters asked whether the present statements meant at this time that the Manuel Rodriguez Patriotic Front would disappear in case a candidate of the present opposition would win in the next election. The answer was specific: "The disappearance of the FPMR under a democratic government is a decision which the front itself will have to make at the proper time." However, the party added that it should be appreciated that fascism was being reorganized, quoting to this effect the new dimensions which the "Party of the South" is expected to have. It added that under such circumstances there was a "need to have the resources available to oppose any attempt to limit democracy." In short, anything is possible. This is a situation which perhaps will lead Elliot Abrams or other persons to express and propagate new falsehoods.

Misunderstandings, Rewards, and Punishments

No doubt the contrast is sharp between the words and the renovated and renovating attitude of Volodia Teitelboim and the official documents of his party. This is true to such an extent that we are led to think that this is something more than a mere accident or to consider the care with which Volodia tries to satisfy his image as a sober and balanced man. Perhaps one of the keys may be found in his own statements at the time he was presented as the new national leader of the Communist Party of Chile. On this occasion he said that he had been elected secretary general by consensus and not as a transitional measure. These words seemed to suggest—a style which seems to have become fashionable in the Communist Party—that things in the party were not going to change as much as had been supposed. This was a question which could only be explained as a victory of the "hardliners" over the "softliners" in the Communist Party of Chile. In this way they reportedly have imposed the continuity of the line followed by the party during the previous period and which was the object of sharp criticism at the highest level within the party itself.

Enough of the foregoing was permitted to be seen in the text of the report to the 15th Congress which was written, like all history, by the winners. It was pointed out in this report that, in practice, after 1978 two organisms existed to lead the party: "The Communist Party which operated abroad and the Domestic Leadership Team [EDI], led by Gladys Marin." (This is the only case of a clandestine leader mentioned by name in the entire document.) It then describes the conflict in which both teams of leaders were involved. It concluded that the basic problem was based on the fact that the leadership should always have remained in Chile, "where the daily struggles were taking place." (This part of the document was obviously written by the domestic leadership of the party.) And it goes on to say that some members were mistaken. "They did not see in the domestic leadership the unquestioned authority of the party." And although this statement was by no means unanimously supported, there were those who went so far in their errors that at certain times they alleged "that the external segment of the party exercised a kind of ideological control over the domestic leadership." The real essence of the conflict was finally revealed in the following phrase: "There were comrades, affected by antiquated concepts or by distance, who looked with mistrust at the conduct of militant activity which, in their view, was not a part of the traditional methods of the party. Nor should we remain silent about the fact that among some comrades on the Central Committee there was also a certain lack of understanding of the Policy of the Mass Popular Rebellion."

Hence, it was clear that those comrades who did not consider the domestic leadership as embodying "the unquestioned authority of the party" or "did not understand" the PRPM were the losers in this struggle. Some of these communists paid for their errors some time ago in subtle ways (for example, Alejandro Toro) or in ways which were not so subtle (for example, Maria Maluenda) by being pushed aside. Others paid for their errors by being dropped from the Central Committee, such as Patricio Hales, of whom it has been said that he never belonged to the Central Committee, or Luis Guastavino, of whom it could be stated only with difficulty that he had not been a leader of the Communist Party. On the other hand, those who were linked to the domestic leadership seem to have been rewarded by meteoric promotions to the Political Committee, as in the cases of Jose Sanfuentes and Manuel Riesco. They became members relatively recently, not only of the Central Committee but of the party itself.

Who Leads the Party?

However, for the position of secretary general Volodia Teitelboim, an absolutely traditional figure, was chosen. He finally won out in the contest for the position over Jorge Inzunza, who was considered too close to the "bland" figure of Luis Corvalan.

Nevertheless, under these conditions the presence of Volodia as secretary general did not turn out to be completely convincing. This circumstance makes it possible to give credit to the story that in reality the congress reportedly elected two secretaries general, one public and the other clandestine. The latter function reportedly is held, not by Gladys Marin, who reportedly has taken charge of the very important position of secretary for organization, but by Manuel Cantero, who is directly linked to her in the domestic leadership and shares the specific functions which she previously performed.

The fact that Cantero has not been mentioned at all during the past few days only makes this story more credible, supported by one of the most important self-criticisms made by the congress and brought out in the report: that there was no need to commit once again the error of "showing your whole body."

Whatever the case, all speculation about who effectively is leading the Communist Party may lose effect in December 1989, when a conference of the party is to be held, empowered to make further changes in the leadership. That may be the time for the top leadership of the Communist Party to purge itself definitively of those "comrades affected by antiquated concepts or by distance." It would be perfectly compatible with all of the definitions and concepts which seem to conform to what is a firm decision by the Communist Party.

---

* PCCh Electoral Participation Debated

33480187 Santiago HOY in Spanish 15 May 89 pp 3-6

[Article by Maria Irene Soto: "Communist Intransigence Concerning Electoral Pacts"]

[Text] Two candidates for senators' seats and 11 for deputies' seats was what the Communist Party of Chile [PCCh] proposed to the Concertation, and it almost caused a split within this opposition group last week.

After 9 weeks of intensive and unrelenting negotiation, the agreement reached on drafting single slates and thus one single presidential candidate (read Patricio Aylwin) was on the point of collapse. Even as late as Friday, 12 May, no one saw anything as impossible. "In politics, everything is possible," the principal argument went.

It all began after the members of the Christian Democratic Party [PDC] decided in an expanded council meeting that there had been a "silent beast" at work, with the intent, moreover, of causing "the breakdown of a Concertation which it had taken much sacrifice to build, and most important, to which they did not belong." And that "beast," rather aged now, is the PCCh.

Volodia Teitelboim himself made the statement during a meeting with the Communist Youth on Monday night, 8 May. He said that it was "unfair to include some parties while excluding others." But the "unacceptable" thing, without a doubt, was the exclusion of the PCCh. What Teitelboim had in mind was certainly the expanded PDC council agreement approved on Friday, 5 May.

The Christian Democrats made it very clear that the party's negotiating commission, headed by Edgardo Boeninger and including Jorge Pizarro, Genaro Arriagada, and Carlos Dupre, "should defend the identity of the PDC." In other words, there was no question of mergers. After electoral expert Eric Campana explained his formula (the famous case-by-case plan), which had been rather widely accepted by the opposition, the discussion on whether to draft one or two slates was cleared up.

Various Options

It was precisely after this statement that the problem with the PCCh developed.

It was necessary to define the legal formula for submitting the single slate and to explain how the atmosphere at Carmen 8, the PDC headquarters, grew tense. Pacts based on ideological affinity, which the draft electoral law allows, provoked fear in a number of "renewal faction" members, but not in them alone. This group included the Aylwin majority, the Frei supporters, and even some of the Valdez faction. There were, however, two council members who showed an inclination to reach an agreement with the PCCh—Andres Palma and Ricardo Hormazabal.

In any case, the differences were minimal and the agreement reached was unanimous. It was determined, for example, that the 15 districts and three regions where the PDC said it would not nominate candidates "represent the limit." "It is not possible to cut us back any further," one of the participants in that meeting stated.

Not even the "railroad agreement" suggested by the president of the PAIS [Broad Party of the Socialist Left], Luis Maira, was acceptable to the PDC. He maintained that there was a real possibility of a network, including a main line—the Christian Democratic Party—and various spurs, consistent with the areas with which they were negotiating. And one of the proposed spurs would lead to the PCCh.

However, the Christian Democrats were rather harsh. "Not even a spur, where the communists are concerned," a well-known leader assured HOY. And there was more. At that same moment, they reached an agreement—whereever the PCCh nominated a candidate, the PDC would nominate its own.

It is true that the PDC was the most adamant camp, but not the only one.

Enrique Silva Cimma, the president of the radicals, also made his position on excluding the communists rather clear. Some evil-minded persons maintained that Silva Cimma changed his mind after hearing talk by the left wing, which at one time he had said he supported, about the greater potential for an independent candidate. Basically, he was referring to Alejandro Hales, who gained considerable strength last week.

Will Lagos Be a Candidate?

Between Tuesday, 9 May, and Wednesday, 10 May, when the rumor of a split within the Concertation was gaining strength, there was even a resurgence of some presidential candidates who had moved a considerable distance away from the La Moneda Palace.

While Clodomiro Almeyda was stating publicly that the concept of an independent candidate was being reaffirmed, the internal message was different. What Almeyda's PS [Socialist Party] really intended, in the event of a split in the Concertation, was to reunify the socialists by putting forth Ricardo Lagos as a candidate.

It is a known fact that Lagos himself was not too pleased with the idea of a new version of Popular Unity [UP]. Rather, it is a subject which makes him wince. But as a highly placed leader of the Almeyda PS told HOY, "No one gets to be president overnight." And if it is a question of arguments to convince the members of the PPD [Party for Democracy], those in the Almeyda faction argue that Salvador Allende himself ran four times as a candidate for the presidency before he was elected.

As if this were not enough, this source said, "Lagos must come to believe that if he wants to be president of this country, he needs the full support of the Left."

And this is where things stood until Wednesday, 10 May.

However, following a series of meetings held that same day, those who were worried were somewhat calmer.

At least three of these meetings were important. At noon, the PDC met with the general staff of the PPD. Prior to Tuesday, the PDC had no guarantee as to whether the PPD would agree to a pact with it or with the PAIS. Without a doubt, the specter of a new version of the old UP persuaded the PPD to make a pact with the Aylwin camp. At that meeting, orders were given to pass certain messages to the Almeyda PS, which called another meeting of its full political commission that evening. The meeting was set for after 7 pm.

At that bilateral meeting, the PAIS learned about the latest formula devised by the electoral experts in the Concertation.

The basic idea is to use the existing legal tools to establish pacts. But this was not a generic concept for the opposition as a whole. One pact, based on claims of "ideological unity," would unite the PDC, the PPD, and the PR [Radical Party], and the PAIS would nominate its own slate, "paying the cost of taking the communists along," in the judgment of one PDC leader.

The last offer would involve "pacts by omission" between the two socialist parties. In other words, in a region or district where a candidate of the Nunez PS was nominated, there would be none representing the Almeyda faction.

Communist Representation

Very late on Wednesday, 10 May, it was clear that the proposal had been received with a certain sympathy in Almeyda's party, despite the fact that this was not the best resolution to the communist problem. For this reason, other possibilities were tried out.

The PDC was convinced, for example, that in the end, the Almeyda PS would choose to join a Concertation slate, abandoning the PCCh to its fate. Or perhaps it would turn it over to the instrumental PAIS party, which could use it as the ideal formula for participation in the December elections.

The status of various individuals, specifying first and last names, had to be settled. It happened, for example, that in Region I, the communists had insisted on nominating Fanny Pollarolo, failing to realize that in that area, the opposition had a concrete potential for electing just one senator, particularly when there are two other local leaders competing for the same seat—Humberto Palza of the PDC and Jorge (Choro) Soria, formerly of the PPD.

But the unusual political negotiations back in fashion again suggest that what is asked is not always what is wanted. Thus certain leftist sources maintain that what the PCCh is truly seeking is to promote Leopoldo Ortega in Region XI.

Other sources give assurance that the man who will run is Miguel Lawner.

The basic problem, apparently, involves establishing whether the communists are to have parliamentary representation or not, and if so, how much. The political center, for example, charges that it was the communists precisely who stubbornly refused to participate in a game in which the military government had set the rules. First they rejected the possibility of appealing for a "no" vote in the plebiscite, and later they would not participate through a political party either. In the end, they did both things. And now "they are demanding excessive popular representation," a Christian Democratic leader said.

Things are not all black and white. By Thursday, 11 May, the Almeyda PS had succeeded in reducing the demands of the PDC to precisely half. Although the message was not at all clear, it was understood (or at least this was how it was interpreted by the opposition as a whole) that the new proposal called for one senator and six deputies.

A PCCh source commented to HOY that the atmosphere within the party was more realistic than was thought. He even said that Teitelboim himself admitted in meetings he had with some groups that it was "very difficult to obtain candidates on this round." But at the same time, it was very dangerous politically to say something like this straight out to the country.

In any case, if the PCCh decides, in the end, to nominate candidates for the Congress, he maintains that they will be local and "low-profile" individuals. This last phrase is taken to mean candidates who are not well known for their political participation, and who are characterized, as has been said, by "communist sensitivity." This is the term which is in fashion.

A Center-Right Government

The specter of a split was not the only factor encouraging the left wing last week.

Eugenio Ortega of the PDC harangued his comrades in an impassioned speech, saying that if a split occurred it would perhaps be necessary to change strategy. He suggested that one possibility was to turn to another candidate. Some agile thinkers immediately presumed that the potential would be increasing for Eduardo Frei Ruiz-Tagle. Others went further, speaking of a virtual standoff between Aylwin and Frei and their respective candidacies.

Those who supported the thesis of pursuing one's own path seemed happy, particularly when others commented that the real potential for winning alone was not great, and that it would be necessary to turn toward a new partner—National Renewal [RN].

For some weeks now, or months, it has been known that there have been talks between the two parties, not only on the subject of the reforms. They have almost served as an excuse for talking about a future government, a subject which worries the Aylwin and Sergio Onofre Jarpa groups. A Center-Right government is gradually gaining strength as an option. Some see it as a definite possibility, and even as coming closer to what they are urging publicly. At least this is what a top leader in the RN told HOY.

Sources in both parties (the PDC and RN) separately confirmed that the meetings held by Jarpa and Aylwin to discuss this subject have become ever more frequent, and even that the Jarpa faction has been the most enthusiastic. Jarpa himself proposed to Aylwin that a government agreement be signed "now." But the PDC leader responded laconically that this was not possible for the time being. The only thing which would be accepted, he said, is the signing of a governability pact.

If indeed the sources agreed that this is not the best moment to talk about unity, it is obvious that the choices made by both forces were designed to avoid doing themselves damage. "We will talk about everything in the coming elections," a highly placed RN leader said, "but this will just be talk." Why? What is happening is that the negotiators in both parties have already exchanged the lists of future parliamentarians, and what both intend is to be as clear as possible. "The Christian Democrats understand and know that they can have confidence in us, more than in their allies in the Concertation," an RN representative said.

Aylwin and Buchi

As is obvious, the picture is not at all clear, either in the parties which voted "yes" or in those which voted "no." With such confusion and given the backgrounds of both groups, nothing else could be expected. Perhaps for this reason, the television program "Facing the Nation" this Monday, so eagerly awaited by the public, is not being anticipated in that degree by the politicians, except for the participation of former minister Hernan Buchi.

It is being said that he "has a great deal to lose and little to gain."

"Don Pato," for his part, will not appear on the program as the official candidate of the Concertation. This is the prediction.

Although it was possible that an agreement more or less pleasing to the Center and the Left could be reached, there was a consensus in recent days that the talks would not prove fruitful, above all since the legal deadlines established by the draft electoral law had had no effect. The draft law set Thursday, 11 May, as the final date for disassociation with the party and for announcing as an independent candidate (this is one of the formulas conceived by the Concertation). But as no law had yet been approved, the deadlines were not in effect. It was hoped that once the Government Junta had reviewed the text approved by the Constitutional Court, this Tuesday, 16 May, the executive branch would have the law promulgated and published once and for all in the DIARIO OFICIAL.

According to one individual knowledgeable about the matter, if the period for registering candidacies comes to an end, as it inevitably will, on 11 July, the standard-bearers offered by each party would have a certain seniority. And the deadline would be established prior to 1 July.

Seemingly, and every good negotiator realizes this, there will be an issue continuing for some time within the Concertation.

Colombia

Court Says M-19 Leader Must Be Arrested, Tried

PA2706161289 Paris AFP in Spanish 0546 GMT 27 Jun 89

[Text] Bogota, 26 Jun (AFP)—News sources have reported that a court of law has stated that 19 April Movement [M-19] leader Carlos Pizarro should be arrested on charges of extortion, kidnapping of former presidential candidate Alvaro Gomez, and for killing one of Gomez' bodyguards.

The local news agency COLPRENSA has reported that with this statement, the court has confirmed a previous decision by another court. The news agency reports that the official warrant for Pizarro's arrest will be issued this Tuesday.

There will be warrants for the arrest of other leaders of the nationalist extreme left organization: Rosemberg Pabon, Antonio Navarro, Otty Patino, and Herbert Bustamante. One warrant on Vera Grabe has been revoked because it has been confirmed that he was out of the country when the kidnapping took place, but another warrant issued for his arrest on charges of rebellion stands. Meanwhile, Luis Alfredo Valenzuela, the only person under arrest in the Gomez case, has been released.

The government is of the opinion that a warrant issued by a court obligates the authorities to serve that warrant. Other sectors are speculating about the future of the peace negotiations going on right now considering that Pizarro is one of the main participants in those negotiations.

Deputy Government Minister Luis Guillermo Sorzano has said that the Executive Branch is respectful of court rulings and will not comment on them. He recalled, however, that the extremist group headed by Pizarro is on a truce, that its members have been concentrated in a Cauca Department camp in the country's southwest, and that they have engaged in negotiations with the government and political parties to facilitate their return to civilian life.

Sorzano abstained from commenting on what could happen if a warrant for the arrest of Pizarro is issued. The official noted: "We have not considered that possibility yet."

Sorzano is the official government spokesman in the peace process. He is in charge of coordinating the meetings in which the reincorporation of M-19 into democratic society is being discussed.

* Barco Seeks Privatization Study

33480204a Bogota EL ESPECTADOR in Spanish 24 May 89 pp 1A, 8A

[Text] Bogota—President Virgilio Barco has invited the Liberal Party's Studies Centers to debate the issue of privatizing the economy recently brought up by former Minister Hernando Agudelo Villa. He remarked: "Only a party that is modern, organized, and revitalized in its ideological concepts can lend continuity and breadth to the process being carried out by the government."

President Barco sent the following message to the chairman of the Economic Society of Friends of the Country, Hernando Agudelo Villa:

"Dear Hernando:

"I thank you for sending your lecture on 'Privatization: an Alternative for Development,' in which you depict the main features of the current economic conflict in a very instructive manner. I consider it very important that there be an opportunity for this text to be widely distributed, through some publication. However, it seems to me that it would be particularly useful for the Liberal Party's Studies Centers to engage in debating the topic of our economy's transformation, to make it increasingly less dependent and more directed toward the discharge of its social functions.

"The recognition that you give to the work being done by the government, the importance of which the public is just beginning to appreciate, is generous. But the task is difficult and time-consuming. Only a party that is modern, organized, and revitalized in its ideological concepts can lend continuity and breadth to the process already begun.

"There are raving extremists on the right as well. We have already suffered serious consequences in the economic and political realms. Therefore, the state's intervention must be preserved in the regulation of a mixed economy, the formation of which in Colombia has been a result of a process lasting many decades which, of course, requires major adjustments. Thus, we have been carrying out structural reforms as important as Law 9 of 1989 on urban property and housing, for which your cooperation in the Congress was highly significant. Very cordially, Virgilio Barco."

* Impact of Inflation on Earnings Studied

33480204b Bogota EL TIEMPO in Spanish 22 May 89 p 3C

[Text] When the 1988 inflation is deducted from the operational profits of the large business firms registered in the stock exchanges, the attractive picture changes color.

In fact, out of 117 firms quoting their shares on the public securities market, 54 show negative figures under the item of real operational earnings.

Nevertheless, for the vast majority, the net earnings have a plus sign which, at first glance, precludes a clear determination of their specific performance during the previous fiscal year.

In other words, the country's leading companies with securities quoted on the exchange accrue a sizable volume of earnings generated by income not related to the fulfillment of their corporate purpose.

For example, last year Bavaria ranked first in net earnings among the business firms registered on the stock market. This item had a nominal growth of 32.57 percent. With the 28.12 percent inflation subtracted, the real net profit declines to 4.45 percent.

The brewery's net profits totaled 7.696 billion pesos in 1988 and 5.805 billion pesos in 1987. Nevertheless, the operational gains, that is, those accrued based on its particular activity, producing beer, were 5.004 billion pesos and 4.699 billion pesos, respectively.

The nominal growth in operational profits for 1988 was 6.49 percent which, when the same year's inflation rate is deducted, gives a negative figure of 21.63 percent.

Bavaria's nonoperational income, in other words, that unrelated to its individual activity, totaled 7.3367 billion pesos, or 2.330 billion more than in 1987. This year, the operational profits were 295 million pesos more than the nonoperational income.

A similar situation (real operational earnings in 1988 with a minus sign) appears in Paz del Rio, Avianca, Carton Colombia, Cervunion, Coltejer, Nacional de Chocolates, Fabricato, and Noel, among other companies.

In today's business world companies are extending their activities to areas dissociated from their corporate purpose, forming chains that range from production of raw materials and their processing to distribution of the end product.

They also invade totally different fields, such as finance and insurance, or merely create the so-called economic groups, without any mutual relationships.

That diversification of activities enables a company's executive staff to attain an overall view of what is happening both in the economy in general and in one particular sector, and to make, more or less rapidly, the necessary adjustments aimed at optimizing use of the funds tied up in the group's companies.

Thus, the permanent investments of a parent firm in its branches, the temporary investments made in the purchase of securities (presupposing efficient management of the treasury surpluses), or the profits from changes in rates among various currencies generate what is known as nonoperational income.

A certain operational profit indicates whether the business activity is good or not, and whether or not the company is "making a living" from the business that it is conducting. When its volume increases less than the rise in prices, the real operational profit is negative.

Nevertheless, that red figure can change color and have a plus sign when the nonoperational income is added, giving rise to attractive net earnings.

Those interested in investing in stock shares of a company such as any of those cited examine the two sources of net profit: the operational and nonoperational. With the pertinent evidence, they make their decision.

However, one worry is circulating among government officials and private experts associated with the stock market: Can small investors have permanent access to sufficient information for making a rational investment?

In other words, do they learn within the required time the accumulation of accounting and financial analysis statistics to find out the performance of the operational profits and the exact origin of the nonoperational income?

The officials and experts noted that the volume and turnover of the operational profits are what ultimately indicates to the small investor the possibility of receiving and continuing to earn dividends geared to the desired income return.

They added that the nonoperational income is somewhat random. In other words, since "it does not respond to the challenge of business," its volume and stability are not assured. Hence, this phenomenon applies to dividends.

Those queried commented that small investors do not achieve access to the accounting and financial information of the large companies quoting their stock shares on the exchange.

Except on the occasion of the annual stockholders' meeting of a company, when the balance sheets and the report of the company's auditor are at their disposal, there is no other period for readily examining the aforementioned details.

At present, the firms with securities registered on the stock exchange are obliged to provide the market with the main accounting and financial statistics showing their general performance for a quarter.

The idea is that, based on this information, better investment decisions can be made. According to the experts, however, although such reports are "somewhat positive, they are insufficient."

Appearing in them, among other things, are the operational income, outlays, and profits, the nonoperational income and outlays, and the net earnings. These accounts, submitted thusly, do not make it possible to learn the origin and use of the funds that are not associated with the company's normal activity.

Generally, according to the sources, the operational profits indicate the pattern of the net earnings. In real terms the former did not make the best progress in 1988, although the latter posted high figures.

Real variation in net and operational profits in 1988-1987 for 17 companies whose shares were most traded on the exchange in 1988

Company	Percent Net Profit Variation	Percent Operational Profit Variation
Bavaria	4.4	21.6
Fabricato	32.9	49.3
Paz del Rio	10.0	32.2
Tejidos Unica	63.1	65.1
Cadenalco	43.3	47.0
Coltejer	40.9	34.8
Tejicondor	27.0	23.6
Cementos Argos	44.9	102.7
Imusa	38.0	0.4
Simesa	16.3	26.1
Carton Colombia	48.8	6.5
Coltabaco	22.9	29.9
Avianca	68.2	6.6
Eternit Colombiana	207.0	38.6
Noel	6.6	6.3
Proleche*	62.6	
Cervunion	4.0	9.4

* From net losses in 1987, it started showing net profits in 1988.

* Coffee Harvest Smaller Than Expected

33480205a Bogota EL TIEMPO in Spanish
22 May 89 pp 1A, 8A

[Article by Hermogenes Ardila: "Coffee Harvest Reduced by 10%"]

[Text] Garzon (Huila)—Coffee production for 1989 will be lower by 1.3 million sacks, due to unfavorable climatic conditions in the growing areas.

Coffee growers will lose between 53 and 55 billion Colombian pesos. This was revealed in Garzon by Jorge Cardenas Gutierrez, the director of the National Federation of Coffee Growers.

The federation leader indicated that a harvest of 12.7 million sacks of coffee was originally expected, but it is anticipated that only 11.4 million sacks of coffee will have been collected by the end of September 1989.

Nevertheless, there will be no problem in meeting export quotas and satisfying domestic demand, as the country has sufficient stocks to take care of those commitments.

The shortfall in the harvest for the past season, which began in October 1988 and will continue until September 1989, was estimated at 1.3 million sacks of coffee, equivalent to about 10 percent of anticipated production.

Cardenas Gutierrez said that, despite the recent increase in the domestic price of coffee, Colombian consumption is continuing to grow.

He added that demand will continue growing by between 3 and 5 percent. About 1.8 million sacks are sold on the domestic market annually.

Cardenas Gutierrez repeated the Colombian position in favor of maintaining the International Coffee Agreement. He stated that this is the most viable mechanism for regulating the market and guaranteeing reasonable and stable prices.

The manager of the federation said: "We hope that on 1 October 1989 we will have extended the agreement for at least 2 years, if we cannot negotiate a new one."

Apart from contacts with the United States, Brazil, and the Central American countries, Colombia also asked the European Economic Community [EEC] to support the negotiation of the agreement, it was learned here.

Monetary leaders who were recently in Holland at the assembly of the Inter-American Development Bank, delivered a communication to the EEC governments in which they warned of the danger facing the economies of the producing countries in case an agreement is not reached at the meeting in London on 5 June.

The Executive Committee of the National Federation of Coffee Growers considered that the most viable course of action at this time is perhaps an extension of the present agreement, with some changes in the economic sections, bearing in mind that there is no consensus on reaching a new, long-term agreement.

In his speech in Garzon, Cardenas Gutierrez undertook a broad defense of what has been done regarding the environment in the producing areas. He pointed out that this matter has been a constant concern of the federation throughout its history.

He stated: "The tradition of service to the ecological cause by the federation goes back to the early history of the organization. It has been fundamentally oriented toward water conservation and the preservation of the soil, for which it has been recognized by the public and private sectors in Colombia."

The federation believes that it has one of the greatest future challenges facing it in terms of conservation of the environment. The director of the federation emphasized that the quality of Colombian coffee is intimately linked to the availability of natural resources.

The coffee authorities have expressed their intention of continuing to strengthen projects to diversify production away from coffee, alternating coffee cultivation with that of fruit and silkworms, among other products.

On 21 May the director of the federation attended the celebration of Liberty Day in Gigante, Huila, where the coffee association is trying to save the ceiba [kapok] tree planted 138 years ago in the principal park of the town.

At the same time the director of the association received from the coffee growers in Huila the "Roberto Duran Alvila" Medal of Merit in recognition "of the successful efforts he has made in the federation and the leadership which he has assumed in the negotiations on the World Coffee Agreement."

Nevado del Ruiz Volcano Suddenly Active Again

PA2706160289 Paris AFP in Spanish 1436 GMT 27 Jun 89

[Excerpts] Bogota, 27 Jun (AFP)—The National Disaster Committee today announced that the Nevado del Ruiz volcano suddenly became active again today, registering its highest level of seismic activity since 1985 when an avalanche caused by the thawing of glaciers devastated the town of Armero and its 23,000 residents.

Vulcanological Observatory Director Cesar Carvajal told AFP that the volcano became active again at about 0400 GMT on Tuesday, when it registered tremors of considerable magnitude, which 4 hours later dropped to a moderate level. [passage omitted]

Carvajal said that after 0300 (0800 GMT), the volcano's seismic activity dropped and that it is gradually returning to the moderate conditions it has registered over the past few weeks.

Nevertheless, Alvaro Sierra, governor of the southeastern Tolima Department, ordered a state of alert in the towns of Murillo, Santa Isabel, Lerida, Guayabal, Mariquita, Honda, and others that are located within the volcano's zone of influence. [passage omitted]

The latest bulletin issued by the Vulcanological Observatory states that toward 1330 GMT a few minor tremors were registered, but no falling ashes were reported.

A yellow alert continues in effect within a 10 km radius around the volcano.

No evacuations have been reported.

Ecuador

Cordovez: OAS Mission Should Return To Panama

PA2706171489 Paris AFP in Spanish 0559 GMT 27 Jun 89

[Text] Quito, 26 Jun (AFP)—Ecuadoran Foreign Minister Diego Cordovez has said that the commission formed by the OAS to seek reconciliation that would contribute toward solving the Panamanian crisis should return to that Central American country when the procedure goes into effect.

Cordovez, a member of the special commission, expressed the personal view that when the procedure (a direct dialogue among Panamanians) is implemented, if it is decided that the commission should continue working on the procedure, would be the moment to return to Panama.

"We have already fulfilled the OAS mandate to promote the means of reconciliation, which seems to have been accepted" Cordovez said, recalling statements by Panamanian Foreign Minister Jorge Ritter, who said the procedure is about to go into effect, but that there are details that must be finalized.

The OAS commission comprised of Cordovez, OAS Secretary General Joao Baena Soares, Guatemalan Foreign Minister Mario Placencia, and Sahaedo Basdeo, Trinidadian and Tobagan foreign minister, was charged with the mission of promoting reconciliation in response to the Panamanian crisis that emerged after the elections were annulled.

Cordovez said the OAS commission is in consultation, but he declined to say whether General [Manuel] Antonio Noriega should participate in the talks promoted by the commission.

Panama's opposition sector on Friday urgently asked Baena Soares to have the commission return, while last week Foreign Minister Ritter reiterated the Panamanian Government's desire to initiate dialogue among Panamanians to solve the nation's problems.

Paraguay

Interior Ministry Justifies Repression

PY2706178989 Asuncion HOY in Spanish 27 Jun 89 p 8

[Interior Ministry communique, issued in Asuncion on 26 June 89]

[Text] "The police operation was carried out in compliance with the terms of the Constitution and the laws of the Republic. On 22 June 1989, the Interior Ministry issued a resolution in keeping with Article 76 of the national Constitution prohibiting public demonstrations within the area surrounded by Estados Unidos, Colon, Fulgencio R. Moreno Streets, and Costanera Avenue."

"This article is still in force and the police are charged with enforcing it. Trained dogs were used during the police operation to support the personnel who were in charge of dissuading the people who gathered at the esplanade in front of the cathedral."

"This is not the first time that this resource, which is used by security forces in every democratic country, has been used in Paraguay. The dogs were used during the pope's visit and even in Colorado Party rallies during the last electoral campaign. Their presence at these events, however, went almost unnoticed due to the normal behavior of the people gathered on this occasion."

"The people participating in the demonstration on Friday, **among whom were agitators of political and social organizations** who have been seen in similar events, were warned before and during the event that they were violating the Constitution. **The demonstrators disobeyed the order and broke the police cordon and marched to where the dogs were. Some demonstrators provoked the animals by hitting them with newspapers and sticks, causing them to react. However, the dogs were never let loose by their trainers, thus preventing even more serious problems."**

"If the dogs would have been let loose, as was mailiciously reported, not just two or three people would have been bitten, but all of the demonstrators."

"The irrefutable proof that agitators and people who have no land problems whatsoever participated in the demonstration with peasants from Cleto Romero and Juan de Mena is that none of the victims come from there."

"The government acknowledges the problem of landless peasants and is adopting urgent measures in an attempt to definitely solve the conflict stemming from this situation."

"It also recognizes the peoples right to make demands or petitions, but notes that they must be made through constitutional and legal channels. Demonstrations outside the forbidden area are not repressed and proof of this is the rally held about 1 month ago by the Workers Interunion Movement when marchers paraded for some 50 blocks."

"The government has sufficient political goodwill to solve the existing problems, but this requires the goodwill of all Paraguayan citizens. According to the Constitution, it is the police department's duty to safeguard public order. Therefore, it does not require any special order to fulfill its duties. Moreover, the police action on 23 June and the Interior Ministry resolution are not unconstitutional."

"Moreover, public order and domestic security are the cornerstones of democracy."

"Neither the chief of police nor the interior minister have a repressive nor criminal mentallity. They are merely fulfilling their duty, safeguarding public order and everyone's safety."

"However, he who demands respect must also respect the law and dignity of his fellow men, and must not attack anyone but act within the framework of the law."

"In sum, there is a Ministry resolution prohibiting demonstrations in the downtown area of the capital. This resolution is still in force and should be respected. Anything else is sheer political demagoguery and false and biased interpretations of what is established by the Constitution."

"An appeal is made to the entire citizenry to act prudently. All peasants are warned not to allow agitators to manipulate them. A solution to these problems will only be possible through the channels offered by the government and not by resorting to violence and public demonstrations that are against the democratic process and the peaceful coexistence of our people."

Episcopal Conference Comments

PY2706154589 Asuncion HOY in Spanish 27 Jun 89 p 18

[Text of document released by Msgr Anibal Rolon, honorary archbishop of Asuncion and chairman of the Paraguayan Episcopal Conference—time and place not given]

[Text] First, a bit of background and some criticism:

On the morning of 3 February, once the gunfire had ended, the president of the nation announced the birth of a new era: one of respect for human rights, and the beginning of the country's democratization.

Free from their fears, the people enthusiastically took to the streets to express their happiness and joy and also to voice their problems. It seemed at that point that torture, violence, and truncheons had been buried forever!

On 29 April 1989, at the square in front of the Metropolitan Cathedral, thousands of citizens of all kinds, government officials led by the president of the nation and his family, the church leadership led by the archbishop of Asuncion, joined hands in a chain of hope amid great patriotic and religious fervor. This chain was the symbol of common good will to work for the reconciliation and unity of the Paraguayan people in the name of and with the blessing of God and the Virgin Mary.

And... on 23 June 1989 a group of peasants gathered at that very same square to march to Congress in order to ask for solutions to their land problems.

To everyone's surprise, shame, and outrage, a group of plainclothesmen (policemen and militiamen?) showed up with trained dogs to stop the demonstrators amid a strange indifference and passiveness of uniformed policemen. Angry protests were heard, people ran to and fro and dogs barked and bit people. **And now they are using dogs?**

Everyone knows that dogs are trained to look for bandits, to control criminals, to break up riots ...the cathedral square held no bandits or criminals, there were no hooligans or terrorists, nor were the bank thieves and the pilferers of state funds present... **And now they are using dogs?**

Certain deputies and senators displayed great humanitarianism and patriotism by leaving the hall of sessions and going to the site of events where they managed, through strong protests and orders, to get the dogs and their trainers to go away. **And now they are using dogs?**

Undoubtedly, this shameful episode is known worldwide now!

Because of this event the current government lost a great deal of prestige in the country and abroad, at the very time when it seemed that a new era had began. **And now they using dogs?**

The fatherland's history and honor require that this offense be atoned for and that similar adventures not be repeated in the future. A lot has been promised to the people and the people are aware of it.

Once again it seems irrefutable that only "new men" will be able to build a new society: intelligent men, men with a modern mentality, men of high moral standards who are qualified for the job. Unqualified people, people with a shady background, people whose moral and religious standards are in doubt, will be unable to accomplish anything stable, honorable and beneficial for the people.

Let us patiently and prudently work on the process of democratization of our country. We are all responsible for it. United, we shall make it come true. **We are wasting our strength on pointless squabbles. The night must come to an end.** [preceding two sentences in Guarani language, quoting a popular song] Viva the new Paraguay!

Communist Party Issues Communique on Government

PY2706152789 Asuncion ULTIMA HORA in Spanish 26 Jun 89 p 8

[Text] "Our people demand that the assets illegally obtained by the Stroessnerists be either expropriated or confiscated from them, and that the funds resulting from these actions be earmarked for productive sectors and for meeting the most urgent needs of retired people, of those forced out of their homes by floods, and of other fellow countrymen stricken by poverty and hunger."

This statement is included in a communique released last week by members of the Paraguayan Communist Party in several public meetings.

The document states that "attention is called by the contrast between the government's swift action to attack the people's economy (by imposing high utility rate increases) and its slowness in recovering the wealth and funds embezzled by Stroessner and his clique."

The communique adds: "Government 'experts' have shown great skill in siphoning money from the people's pockets through a high utility rate increase, while they pretend to respect legal procedures to protect public criminals like Stroessner and his accomplices."

The document then adds that "our people demand that the large areas of land and ranches owned by the Stroessnerists be expropriated and distributed to landless peasants, to cooperatives, and to committees of farmers."

The communique emphasizes the need "to dismantle the repressive apparatus," and notes that there are contradictions between congressmen who are willing to repeal repressive laws and "those supporting Stroessnerism without Stroessner," who are advocating "harassments, prohibition," and so forth. It also criticizes the "impunity" enjoyed by senior police officers Alberto Cantero and Jose Ignacio Irrazabal [who are facing several counts of torture charges].

Peru

President Garcia Announces Olmos Dam Project

PY2806023789 Lima LA REPUBLICA in Spanish 25 Jun 89 p 2

[By Marlene Macedo]

[Excerpts] Olmos, Chiclayo—President Alan Garcia has called on national enterprises to make bids to start the construction of the Olmos dam project which will receive up to $50 million in government financing. The announcement was welcomed by the people.

The Olmos hydroelectric project will add 112,000 more hectares of agricultural land and will also double Peru's electric energy.

In a speech delivered on the parade grounds of this city, Garcia said: "We have over $1 billion in reserves;" therefore, there will be plenty of jobs.

He added: "We now have sufficient resources and savings to reactivate the economy. I would therefore like to ask you to have faith and confidence in Peru." [passage omitted]

Garcia said that the Olmos dam will double the hectares of irrigated land in Lambayeque, increase the country's electricity by 850 megawatts, and save 27 million barrels of oil. [passage omitted]

MRTA Kidnaps Official, Attacks Police Station

PY2706035089 Lima Television Peruana in Spanish 1800 GMT 26 Jun 89

[Report from Tarapoto by Oscar Eduardo Bravo]

[Text] We would like to report that Mr Demetrio Tafur Ruiz, the president of the San Martin Development Corporation, was kidnapped yesterday at about 1730 by some 30 members of the Tupac Amaru Revolutionary Movement (MRTA). Tafur was intercepted in the (Legia) area, near (Pajaizapa).

In (Pajaizapa), the subversives attacked the 4-man police detachment. A civil guard named Torres and a subversive woman, who was reportedly carried to the Moyobamba area, were reportedly killed in the attack. The people are completely bewildered, not only in Tarapoto, but also in Moyobamba, where the president of the San Martin Development Corporation has prestige.

Great secrecy prevails. Army personnel are patrolling the area. Here is Juan Silva with additional information.

[Begin Silva recording] We would like to report that, in talks we held this morning with some persons who happened to be in the town of (Legia)—which is 1 and ½ hours from Tarapoto toward Moyobamba, or from Moyobamba toward Tarapoto because (Legia) is exactly halfway between Tarapoto and Moyobamba—an unhooded subversive, who apparently was one of the leaders and who wore an MRTA armband, was reportedly killed at the (Legia) police detachment doorway. Thus, two people were reportedly killed in this terrorist raid in (Paycatrapa); namely, a civil guard and an MRTA leader.

We must note the dismay of the Tarapoto people and their great concern over the fate of Demetrio Tafur.

We have talked with Tafur's driver, who was driving Demetrio Tafur's pickup truck. The driver has said that the subversives talked to Tafur in a very kindly and very cordial tone. They told him that nothing untoward would happen to him. The MRTA leader just wanted to discuss politics with the president of the San Martin Development Corporation.

We must note—and this must be emphasized—that Tafur's encounter with the subversives was completely unexpected. Apparently, the subversives intended to attack the police detachment that was manned by only four or five civil guards. To this end, the subversives stopped a number of pickup trucks on the road to (Legia) in order to use these vehicles to transport their men and attack the police detachment.

By happenstance, the subversives stopped Tafur's pickup truck, and identified him because his pickup truck had radio equipment. The subversives then cordially invited Tafur to get out of his vehicle. Thus far, absolutely nothing is known about Tafur's fate. [End recording]

Shining Path Leader Manzoni Killed Near Huacho

PY2806034689 Lima Television Peruana in Spanish 0100 GMT 27 Jun 89

[Text] In an armed clash between national police and members of the Shining Path, 11 subversives were killed and 5 captured, including Alfonso Manzoni Castilla, who has been described as Shining Path's number one military leader in northern Peru. The clash occurred early this morning near Huacho.

We have a report on this incident from the Interior Ministry press office.

[Begin recording of unidentified official] Official Communique No. 15.

The Interior Ministry hereby informs the public of the following:

1. In the early morning hours of today, a group of subversive criminals of the Shining Path attacked Ambar District, (Huoura) Province, killing citizens Nemesio Espada Garcia and Narcisa Gonzales Canes, and destroying some private property.

2. In keeping with a decision by the National Police Command, orders were issued for police personnel to pursue the group of subversive criminals. They caught up to the criminals in the township of (Huaynaca). A clash ensued, with the following outcome: 11 subversive criminals killed and 4 subversive criminals detained, including a wounded woman.

The following arms were recovered: one FN-FAL automatic rifle, five MGP-79 [as heard] sub-machineguns, and one UZI sub-machinegun.

Alfonso Manzoni Castilla, alias Negro, a Shining Path military leader in Northern Peru, was identified from among the dead subversive criminals.

3. At the request of the national police, the Armed Forces supplied three helicopters support the pursuit. These helicopters permitted the timely arrival of national police reinforcements and the pursuit of the fleeing subversive criminals.

[Dated] Lima, 27 June 1989

[Signed] Interior Ministry press office. [end recording]

Security Forces Clash With Terrorists

PY2806124089 Madrid EFE in Spanish 2207 GMT 27 Jun 89

[Text] Lima, 27 Jun (EFE)—It was reported in Lima today that three policemen and one guerrilla, a woman, were killed in two clashes between security forces and subversives.

Two of the policemen were killed yesterday and four were kidnapped when the truck they were in was intercepted by alleged Shining Path members about 100 km north of Huancayo, in central Peru.

In another operation a policeman and a female guerrilla died when about 30 members of the Tupac Amaru Revolutionary Movement (MRTA) attacked a police post yesterday in Pacaysapa, San Martin Department.

The MRTA subversives also kidnapped Demetrio Tafur, president of the San Martin Development Corporation.

Early yesterday morning about 20 terrorists used explosives in an attack on a communicatins station in Llamacorral, 42 km west of Huaraz, capital of Ancash Department. According to information released in Lima today, the subversives were driven back by members of the police garrison, which suffered minimal damage.

Today LA REPUBLICA reported the arrest of Edgar Antonio Moran Barreda, an MRTA member accused of taking part in the attack on Juanjui in November 1987.

Moran was arrested yesterday by agents of the Antiterrorist Directorate (DIRCOTE) in a Lima restaurant.

According to a police report, Moran is the lieutenant of Victor Polay Campos, who is one of the most important leaders of the MRTA.

According to LA REPUBLICA, Moran had just returned from Colombia, where he met with leaders of the subversive 19 April Guerrilla Movement (M-19).

Army Unit Kills 42 Shining Path Rebels

PY2706150689 Madrid EFE in Spanish 0407 GMT 27 Jun 89

[Text] Lima, 26 Jun (EFE)—It was officially reported today in Lima that a Peruvian Army unit killed 42 members of the Maoist Shining Path group during an armed confrontation that took place on 25 June in the northern part of Ayacucho Department.

Military sources stated today that the confrontation took place on the outskirts of Pampa Coris, 130 km from the city of Ayacucho, the capital of the department of the same name, located 575 km southeast of Lima. The same sources also stated that the death of the 42 rebels "is one of the worst setbacks" this organization has suffered during the past few months.

Pampa Coris, which is located on the border with Huancavelica Department, is considered to be a subversive "red zone," according to a military report released today by the state press agency ANDINA.

The sources added that the Army unit seized a large number of weapons, explosives, and propaganda material after the fight with the rebels.

The confrontation took place during the afternoon of 25 June, and it has been reported that security forces are now trying to identify the dead subversives.

Meanwhile, press sources have reported that a doctor was killed in Lima on 26 June by alleged terrorists. He was killed in his home, located in the metropolitan district of Comas in the northern sector of Lima.

The victim is Gustavo la Rosa, 32, who was the director of a clinic located in the northern area of Lima.

Shining Path Attacks Police Station in Ica

PY2706151589 Madrid EFE in Spanish 0213 GMT 27 Jun 89

[Text] Lima, 26 Jun (EFE)—Police sources in Ica have reported that the mayor's office and a police station in Peru's Ica Department, south of Lima, were attacked with explosives today by presumed members of the "Shining Path" guerrilla group.

The mayor's office in Pueblo Nuevo, located in the middle of the Paraguay ground, suffered considerable damage, but there were no casualties.

According to the sources, Mayor Lucio Gonzalez was in his office at the time of the explosion.

In Grocio Prado, the terrorist hurled dynamite sticks at the police station, and although the police repelled the attack, no one was injured.

The province of Chincha, where Pueblo Nuevo and Grocio Prado are located, has been experiencing a cut in the electricity supply, presumably because of the destruction of power lines by the Shining Path.

Unidentified Individuals Kill Doctor in Lima

PY2706222089 Lima Television Peruana in Spanish 1800 GMT 27 Jun 89

[Excerpt] The murder in the Comas District of Lima yesterday of Gustavo Larrosa Guachambe, director of the Northern Lima Medical Centers, has deeply moved the population.

Health Minister David Tejada and relatives and friends of Larrosa went to the morgue of the hospital of Collique District, where Larrosa's remains had been taken.

Larrosa was killed in Comas last night by four individuals who asked him for an appointment.

Larrosa, 32, received three bullet wounds, two in the head and one in the thorax region.

Unidentified individuals killed Larrosa in one of the rooms of his house, in the San Carlos neighborhood, where Larrosa also had his consulting office. The cowardly crime that was perpetrated at 0715 in the evening was witnessed by Larrosa's wife Ema Palomino and his youngest daughter, who unsuccessfully tried to prevent the crime. [passage omitted]

Uruguay

PLO's 'Abbas Zaki Talks to Industry Official

JN2706185589 Sanaa Voice of Palestine in Arabic 1600 GMT 27 Jun 89

[Text] Brother 'Abbas Zaki, director general of the PLO's Pan-Arab and International Relations Department and official in charge of foreign relations in the Fatah Movement, met with Jorge Presno, Uruguayan minister of foreign affairs [as heard—Jorge Presno is the minister of industry and energy], at the Uruguayan Foreign Ministry the day before yesterday. A number of important issues related to the Palestine question and the Latin American states' support for the Palestinian people's just struggle were discussed at the meeting. They also reviewed the latest developments in the occupied territories, the blessed Palestinian intifadah [uprising], and the Palestinian peace initiative, which is based on international legality, and its reflections on world peace. The two sides also discussed the extremist and violent Israeli stand that rejects peace in the Middle East.

Minister Presno voiced his country's satisfaction with the Palestinian peace initiative and sympathy with the Palestinian people's sacrifices. He said that this first visit to Uruguay by a Palestinian delegation heralds a new era in relations between Palestine and Uruguay.

Senator (Manuel Javier) and prominent Deputy Dr (Jose Dayas) attended the meeting, while Marwan 'Abd-al-Hamid, member of the Foreign Relations Committee and secretary general of the Palestinian Engineers Union, attended for the Palestinian side.

In a press statement following the meeting, brother 'Abbas Zaki stressed the need for Uruguay and the Latin American and Caribbean countries to participate in the process of just peace in the Middle East and to press for an international conference under UN supervision to be attended by the five permanent member states [of the Security Council], in addition to the parties to the conflict. He emphasized the Palestinian facts against the Israeli falsehoods and the Palestinian heroism in the face of the largest Israeli campaigns of killing and repression. He called on all world forces of peace to pressure the United States into forcing Israel to put an end to its disregard of the Palestinian people's rights. He expressed his conviction that this first visit to a country enjoying significant characteristics in Latin America as well as his serious talks with the foreign minister and a number of congressmen and prominent figures will lead to tangible results in the near future.

The Palestinian delegation arrived in Montevideo to participate in the first parliamentary congress of the socialist parties in Latin America and the Caribbean, and was accorded an official reception.

Venezuela

* Delpino's Retirement Opens Succession Struggle

33480189a Caracas EL NACIONAL in Spanish
15 May 89 p D-6

[Article by Leopoldo Linares: "Who Will Succeed Delpino"]

[Text] The current president of the CTV [Confederation of Venezuelan Workers] has announced that he will retire in a few months. However, a silent struggle has begun among his comrades who are officers of the trade union affiliated with AD [Democratic Action] to determine who will be chosen as his ultimate replacement at the workers' congress in 1990.

The presidency of the CTV is a position of singular importance, both at the national trade union level, as well as within the AD. Therefore, when Juan Jose Delpino announced his retirement from this position, a silent struggle began among his comrades in the union office to gain influence first in the choice of his temporary replacement and then in the definitive election, which will take place at the workers' congress due to be held in 1990.

Initially, it was thought that Delpino might put off his retirement from the CTV until his replacement was chosen by the 10th Congress of Workers of Venezuela, which is to meet during the first quarter of 1990. Furthermore, some people had suggested that Delpino might be a candidate for the presidency of the ICFTUO [International Conference of Free Trade Union Organizations]. In the latter case, had he accepted the nomination, he would have had to continue as president of the CTV because in order to aspire to such an international position, it is essential to lead a central trade union organization affiliated with the ICFTUO. If Delpino holds firm to his idea of leaving the CTV by the middle of 1989, this would mean abandoning any hope of holding a position at the international level and would make clear his decision to leave the trade union movement to engage in private activities.

Despite the fact that in Venezuela there are other national-level trade union organizations, the CTV continues to be the most influential and most powerful central body among the workers of the country. Established in 1936, it has managed to survive periods of silence when Venezuela has had authoritarian governments. Since 1958 it has expanded its influence. Today the CTV has approximately 2.5 million members who are active in 7,000 trade unions, 24 regional federations, and 51 federations at the national level. These last named federations cover the trade unions in the industrial sectors.

It is well to note that Venezuelan trade unionism has not escaped the political influence which this kind of activity has in almost all countries in the world. It has been a tradition among us that the AD has had decisive influence among the workers affiliated with trade unions. Until a few decades ago the Communist Party had significant influence, but due to the armed struggle which took place in Venezuela in the 1960's, the communists lost that influence and were even expelled from the CTV. That position as the second most powerful trade union was largely filled by the central council controlled by COPEI [Social Christian Party]. However, we must recognize the fact that the Social Christian Party has not been able to consolidate its influence among the trade unions as it has in other areas of Venezuelan public opinion. Indeed, contrary to what the supporters of AD have done, the supporters of COPEI have not made use of their periods of time in government to strengthen their party in the trade union sense.

The political and trade union picture has not changed very much in the past few years. AD has maintained its hegemony, both in the National Executive Committee of the CTV, as well as in almost all of the national and regional federations and in the great majority of trade unions. COPEI even lost positions in the national leadership and in the presidency of regional federations in the last trade union elections held in 1985. At this point, out of the 17 positions on the executive committee of the CTV, AD supporters hold 10; COPEI, 3; MEP [People's Electoral Movement], 2; and MAS [Movement Toward Socialism] and URD [Democratic Republican Union], 1 each. Of the 75 regional federations COPEI only controls that of the meat workers, while the presidents of all the rest are AD sympathizers.

Between January and May 1988 elections were held in about 50 trade unions throughout the country. The results lead to the assumption that the tendency favorable to the AD will continue, although COPEI and MAS trade unionists hope to improve their vote noticeably, in order to obtain a larger number of positions at the federation level and within the executive committee of the CTV itself. In the electoral process which is taking place and which should end at the 10th Congress of Workers, to be held in 1990, the results from the political point of view have brought out the following figures: AD, 65 percent; COPEI, 20 percent; MAS, 5 percent; and the remaining 10 percent divided among smaller parties.

Decisions in AD

Regarding the previous political picture, AD will have to make the fundamental decisions, and the rest of the political parties will be simple spectators when the time comes to settle the position of president of the CTV. In concrete terms the leadership of the CTV, in consultation with the National Executive Council of AD, President Carlos Andres Perez, and other major leaders of the party, will have to choose not only the provisional president but the definitive officeholder who will replace Juan Jose Delpino as chief executive of the national labor movement.

Union leaders who support AD do not hide their aspirations to the presidency of the CTV. In principle, five names are mentioned: Federico Ramirez Leon, Cesar Gil, Sotero Rodriguez, Gaston Vera, and Carlos Lander. However, at this point all of them admit in private that the struggle has polarized around the personalities of Ramirez Leon and Cesar Gil. These two leaders are working in a quiet but very determined way to obtain the resources and support necessary to win the presidency of the CTV. At first it was thought that Ramirez Leon (president of Fetra-Tachira [Federation of Union Members of Tachira State] and rather close to President Carlos Andres Perez) would have an advantage with the support of President Perez. However, in the last few weeks things have evened up, since Cesar Gil not only has drawn close to President Perez but is working very harmoniously with Antonio Rios, the trade union secretary. Certainly, both Rios as well as Delpino are trying to keep up a certain impartiality, for they know how substantial their influence is as senior leaders of the AD trade unionist movement. By the end of 1989 they will have to come out in favor of one of the two principal choices.

Over the short term it is thought that the top leadership of the CTV, in consultation with the National Executive Council, could choose between Gaston Vera, Sotero Rodriguez, or Rafael Castaneda to fill the vacancy on a provisional basis, if Delpino insists on his early retirement from the position of president of the CTV. In the view of some observers Sotero Rodriguez would not have much of a chance in this election, due to the position which he took in the past internal processes of AD, when he supported the candidacy of Octavio Lepage and fought with the rest of the trade union leadership. Other analysts reject Castaneda, for although he has done well when he has been in charge of the CTV, they point out that he is a "new member of AD," without much party background. These evaluations would leave it up to the leadership to decide for Gaston Vera or Carlos Lander as the first who would enjoy the greatest strength and support among his companions.

Although many people may think that the congress of the workers is very far off, remember that AD supporters live in a permanent electoral atmosphere. The trade union election process began in January 1989. Some federations might even conclude their elections before the middle of 1989. Of course, it will be at the end of 1989 when the top leadership of the confederation is determined and when we will know the name of the new president of the CTV. As of now the nominations are closed in AD, and the winner will be either Federico Ramirez Leon or Cesar Gil.

* Membership in Nonaligned Movement Endorsed

33480189b Caracas EL NACIONAL in Spanish
19 May 89 p D-1

[Text] Harare (PL)—The foreign ministers of the nonaligned countries recommended on 19 May the admission of Venezuela in the movement—over the objections of Panama. This action will raise to 102 the membership in this group of states.

The official report on this matter, which was expected on 20 May, was announced during the morning session on 19 May of the Ministerial Conference of the Nonaligned, meeting in Harare.

This subject, which from the very beginning of the meeting on 14 May had occupied the attention of the foreign ministers of the movement, was brought to a conclusion after intensive discussions over the past 4 days, due to the Panamanian opposition to the entry of Venezuela into the organization.

The recommendation by the foreign ministers on this matter will be referred to the Ninth Summit Conference, to be held in Belgrade in September, which will make this South American country the 102nd member of the Nonaligned Movement.

At the meeting of experts, which preceded the meeting of foreign ministers, Panama formally objected to the entry of Venezuela into the organization, alleging that it had interfered in the internal affairs of the isthmian country after the elections of 7 May.

Subsequently, Venezuela asked Zimbabwe, the current president of the movement, to suspend action on reactivating efforts being made on its application to enter the Nonaligned Movement. This request was canceled later on, as a Venezuelan source confirmed on 19 May to Prensa Latina.

The Venezuelan intention to join the Nonaligned Movement received open support from the representatives of Argentina, Bolivia, Colombia, and Peru, despite the Panamanian objections.

Nathan Shamuyarira, minister of foreign affairs of Zimbabwe, gave the first indication on 18 May that the matter had not been concluded when he informed the plenary session of the conference that consultations on this subject were continuing, despite the Venezuelan communication to suspend action on its application.